

<i>SERFF Tracking Number:</i>	<i>PRLF-125595399</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>Principal Life Insurance Company</i>	<i>State Tracking Number:</i>	<i>39165</i>
<i>Company Tracking Number:</i>			
<i>TOI:</i>	<i>H11G Group Health - Disability Income</i>	<i>Sub-TOI:</i>	<i>H11G.003 Long Term</i>
<i>Product Name:</i>	<i>grp LTD - DIL</i>		
<i>Project Name/Number:</i>	<i>Single Case -DIL- LTD/</i>		

Filing at a Glance

Company: Principal Life Insurance Company

Product Name: grp LTD - DIL

TOI: H11G Group Health - Disability Income

Sub-TOI: H11G.003 Long Term

Filing Type: Form

SERFF Tr Num: PRLF-125595399 State: ArkansasLH

SERFF Status: Closed

State Tr Num: 39165

Co Tr Num:

State Status: Approved-Closed

Co Status:

Reviewer(s): Rosalind Minor

Authors: Bonnie Blue, Jan Majerus

Disposition Date: 06/09/2008

Date Submitted: 06/02/2008

Disposition Status: Approved-Closed

Implementation Date Requested: On Approval

Implementation Date:

State Filing Description:

General Information

Project Name: Single Case -DIL- LTD

Project Number:

Requested Filing Mode: Review & Approval

Explanation for Combination/Other:

Submission Type: New Submission

Overall Rate Impact:

Filing Status Changed: 06/09/2008

State Status Changed: 06/09/2008

Corresponding Filing Tracking Number:

Filing Description:

Status of Filing in Domicile: Not Filed

Date Approved in Domicile:

Domicile Status Comments:

Market Type: Group

Group Market Size: Large

Group Market Type: Employer

Deemer Date:

See attached submission letter Enclosed for your review and approval are two copies of the above listed forms, which are being submitted for approval on a single case basis.

A large insured group policyholder located in Arkansas has requested three benefit levels for their Salaried Participants. In addition, this policyholder has requested we revise the definition of Member to Participant. The changes are italicized on the attached policy and booklet certificate insert pages for your ease in reviewing. This policyholder has also requested use of enrollment form, GP 56002 specific to their group (which was included in the Group Term Life filing for

<i>SERFF Tracking Number:</i>	<i>PRLF-125595399</i>	<i>State:</i>	<i>Arkansas</i>
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<i>Product Name:</i>	<i>grp LTD - DIL</i>		
<i>Project Name/Number:</i>	<i>Single Case -DIL- LTD/</i>		

this policyholder, SERFF Tracking Number PRLF - 125595388.

If approved, these pages will be used for this one case only, with our Group Long Term Disability Insurance Policy forms series GC 3000, et al, (most recently filed and approved March 14, 2002, with various subsequent filing and approval dates for changes).

No part of this filing contains any unusual or controversial items from normal industry standards.

Thank you for your consideration of this submission. All required certification forms are enclosed.

If you have any questions on any of the attached materials, please feel free to contact me by fax, e-mail or at the toll-free number shown below.

Company and Contact

Filing Contact Information

Jan Majerus, State/Federal Compliance Analyst Majerus.Jan@principal.com
 711 High Street (800) 986-3343 [Phone]
 Des Moines, IA 50392-0002 (515) 246-2491[FAX]

Filing Company Information

Principal Life Insurance Company	CoCode: 61271	State of Domicile: Iowa
711 High Street	Group Code: 332	Company Type: Life & Health
Des Moines, IA 50392	Group Name:	State ID Number:
(800) 986-3343 ext. [Phone]	FEIN Number: 42-0127290	

Filing Fees

Fee Required?	Yes
Fee Amount:	\$50.00
Retaliatory?	No
Fee Explanation:	
Per Company:	No

<i>SERFF Tracking Number:</i>	<i>PRLF-125595399</i>	<i>State:</i>	<i>Arkansas</i>
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<i>Company Tracking Number:</i>			
<i>TOI:</i>	<i>H11G Group Health - Disability Income</i>	<i>Sub-TOI:</i>	<i>H11G.003 Long Term</i>
<i>Product Name:</i>	<i>grp LTD - DIL</i>		
<i>Project Name/Number:</i>	<i>Single Case -DIL- LTD/</i>		

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Principal Life Insurance Company	\$50.00	06/02/2008	20609865

SERFF Tracking Number:	PRLF-125595399	State:	Arkansas
Filing Company:	Principal Life Insurance Company	State Tracking Number:	39165
Company Tracking Number:			
TOI:	H11G Group Health - Disability Income	Sub-TOI:	H11G.003 Long Term
Product Name:	grp LTD - DIL		
Project Name/Number:	Single Case -DIL- LTD/		

Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Approved-Closed	Rosalind Minor	06/09/2008	06/09/2008

<i>SERFF Tracking Number:</i>	<i>PRLF-125595399</i>	<i>State:</i>	<i>Arkansas</i>
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<i>TOI:</i>	<i>H11G Group Health - Disability Income</i>	<i>Sub-TOI:</i>	<i>H11G.003 Long Term</i>
<i>Product Name:</i>	<i>grp LTD - DIL</i>		
<i>Project Name/Number:</i>	<i>Single Case -DIL- LTD/</i>		

Disposition

Disposition Date: 06/09/2008

Implementation Date:

Status: Approved-Closed

Comment:

Rate data does NOT apply to filing.

SERFF Tracking Number: PRLF-125595399 State: Arkansas
Filing Company: Principal Life Insurance Company State Tracking Number: 39165
Company Tracking Number:
TOI: H11G Group Health - Disability Income Sub-TOI: H11G.003 Long Term
Product Name: grp LTD - DIL
Project Name/Number: Single Case -DIL- LTD/

Item Type	Item Name	Item Status	Public Access
Supporting Document	Certification/Notice	Approved-Closed	Yes
Supporting Document	Application	Approved-Closed	Yes
Supporting Document	footnotes	Approved-Closed	Yes
Form	Title Page	Approved-Closed	Yes
Form	Table of Contents	Approved-Closed	Yes
Form	Long Term Disability Insurance Summary	Approved-Closed	Yes
Form	Definitions	Approved-Closed	Yes
Form	Contract	Approved-Closed	Yes
Form	Premiums	Approved-Closed	Yes
Form	Policy Termination	Approved-Closed	Yes
Form	Eligibility	Approved-Closed	Yes
Form	Effective Dates	Approved-Closed	Yes
Form	Participant Termination, Continuation & Reinstatement	Approved-Closed	Yes
Form	Benefit Qualification	Approved-Closed	Yes
Form	Benefits Payable	Approved-Closed	Yes
Form	Rehabilitation Services & Benefits	Approved-Closed	Yes
Form	Survivor Benefit & Accelerated Survivor Benefit	Approved-Closed	Yes
Form	MOonthly Payment Limit	Approved-Closed	Yes
Form	Benefit Payment Period & Recurring Disability	Approved-Closed	Yes
Form	Treatment of Alcohol, Drug or Chemical Abuse, Dependency, or Addiction, a Mental Health Condition, or a Special Condition	Approved-Closed	Yes
Form	Limitations	Approved-Closed	Yes
Form	Claim Procedures	Approved-Closed	Yes
Form	Policy Notice	Approved-Closed	Yes
Form	booklet certificate Title Page	Approved-Closed	Yes
Form	Table of Contents	Approved-Closed	Yes
Form	Long Term Disability Insurance Summary	Approved-Closed	Yes
	Elgibility and Individual Incontestability	Approved-Closed	Yes

SERFF Tracking Number:	PRLF-125595399	State:	Arkansas
Filing Company:	Principal Life Insurance Company	State Tracking Number:	39165
Company Tracking Number:			
TOI:	H11G Group Health - Disability Income	Sub-TOI:	H11G.003 Long Term
Product Name:	grp LTD - DIL		
Project Name/Number:	Single Case -DIL- LTD/		

Form

Form	Effective Dates	Approved-Closed	Yes
Form	Termination, Continuation & Reinstatement	Approved-Closed	Yes
Form	Benefit Qualification	Approved-Closed	Yes
Form	Benefits Payable	Approved-Closed	Yes
Form	Rehabilitation Services & Benefits	Approved-Closed	Yes
Form	Survivor Benefit & Accelerated Survivor Benefit	Approved-Closed	Yes
Form	Monthly Payment Limit	Approved-Closed	Yes
Form	Benefit Payment Period & Recurring Disability	Approved-Closed	Yes
Form	Treatment of Alcohol, Drug or Chemical Abuse, Dependency, or Addiction, a Mental Health Condition, or a Special Condition	Approved-Closed	Yes
Form	Limitations	Approved-Closed	Yes
Form	Claim Procedures	Approved-Closed	Yes
Form	Definitions	Approved-Closed	Yes
Form	booklet notice	Approved-Closed	Yes

SERFF Tracking Number: PRLF-125595399 State: Arkansas
 Filing Company: Principal Life Insurance Company State Tracking Number: 39165
 Company Tracking Number:
 TOI: H11G Group Health - Disability Income Sub-TOI: H11G.003 Long Term
 Product Name: grp LTD - DIL
 Project Name/Number: Single Case -DIL- LTD/

Form Schedule

Lead Form Number: GC 3000 DIL, et al

Review Status	Form Number	Form Type Form Name	Action	Action Specific Data	Readability	Attachment
Approved-Closed	gc 3000 dil	Policy/Cont Title Page ract/Fratern al Certificate: Amendmen t, Insert Page, Endorseme nt or Rider	Initial			gc 3000 dil.pdf
Approved-Closed	gc 3001 dil	Policy/Cont Table of Contents ract/Fratern al Certificate: Amendmen t, Insert Page, Endorseme nt or Rider	Initial			gc 3001 dil.pdf
Approved-Closed	gc 3002 dil	Policy/Cont Long Term Disability ract/Fratern Insurance Summary al Certificate: Amendmen t, Insert Page, Endorseme nt or Rider	Initial			gc 3002 dil.pdf
Approved-Closed	gc 3004 dil	Policy/Cont Definitions ract/Fratern al Certificate: Amendmen	Initial			gc 3004 dil.pdf

SERFF Tracking Number:	PRLF-125595399	State:	Arkansas
Filing Company:	Principal Life Insurance Company	State Tracking Number:	39165
Company Tracking Number:			
TOI:	H11G Group Health - Disability Income	Sub-TOI:	H11G.003 Long Term
Product Name:	grp LTD - DIL		
Project Name/Number:	Single Case -DIL- LTD/		

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TOI: H11G Group Health - Disability Income Sub-TOI: H11G.003 Long Term
Product Name: grp LTD - DIL
Project Name/Number: Single Case -DIL- LTD/

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 Company Tracking Number:
 TOI: H11G Group Health - Disability Income Sub-TOI: H11G.003 Long Term
 Product Name: grp LTD - DIL
 Project Name/Number: Single Case -DIL- LTD/

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SERFF Tracking Number: PRLF-125595399 State: Arkansas
Filing Company: Principal Life Insurance Company State Tracking Number: 39165
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TOI: H11G Group Health - Disability Income Sub-TOI: H11G.003 Long Term
Product Name: grp LTD - DIL
Project Name/Number: Single Case -DIL- LTD/

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TOI: H11G Group Health - Disability Income Sub-TOI: H11G.003 Long Term
Product Name: grp LTD - DIL
Project Name/Number: Single Case -DIL- LTD/

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TOI: H11G Group Health - Disability Income Sub-TOI: H11G.003 Long Term
Product Name: grp LTD - DIL
Project Name/Number: Single Case -DIL- LTD/

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Approved- gh 811 dil Closed	Certificate Survivor Benefit & Amendmen Accelerated Survivor t, Insert Benefit Page, Endorseme nt or Rider	Initial	gh 811 dil.pdf
Approved- gh 817 dil Closed	Certificate Monthly Payment Amendmen Limit t, Insert Page, Endorseme nt or Rider	Initial	gh 817 dil.pdf
Approved- gh 819 dil Closed	Certificate Benefit Payment Amendmen Period & Recurring t, Insert Disability Page, Endorseme nt or Rider	Initial	gh 819 dil.pdf
Approved- gh 820 dil Closed	Certificate Treatment of Alcohol, Initial Amendmen Drug or Chemical t, Insert Abuse, Dependency, Page, or Addiction, a Endorseme Mental Health nt or Rider Condition, or a Special Condition	Initial	gh 820 dil.pdf
Approved- gh 821-1 dil	Certificate Limitations	Initial	gh 821-1

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<i>Product Name:</i>	<i>grp LTD - DIL</i>		
<i>Project Name/Number:</i>	<i>Single Case -DIL- LTD/</i>		
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Approved- gh 823 dil Closed	Certificate Claim Procedures Amendmen t, Insert Page, Endorseme nt or Rider	Initial	gh 823 dil.pdf
Approved- gh 824-1 dil Closed	Certificate Definitions Amendmen t, Insert Page, Endorseme nt or Rider	Initial	gh 824-1 dil.pdf
Approved- gh 198 dil Closed ar	Certificate booklet notice Amendmen t, Insert Page, Endorseme nt or Rider	Initial	gh 198 ar dil bklt notice.pdf

PRINCIPAL LIFE INSURANCE COMPANY
(called The Principal in this Group Policy)
Des Moines, Iowa 50392-0001

This group insurance policy is issued to:

DILLARD'S, INC.

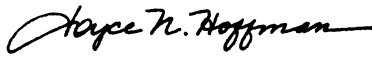
(called the Policyholder in this Group Policy)

The Date of Issue is *June 1, 2006*.

In return for the Policyholder's application and payment of all premiums when due, The Principal agrees to provide:

LONG TERM DISABILITY INSURANCE

subject to the terms and conditions described in this Group Policy.



SENIOR VICE PRESIDENT AND
CORPORATE SECRETARY



PRESIDENT AND
CHIEF OPERATING OFFICER

GROUP POLICY NO. GLT H35922
NON-PARTICIPATING
CONTRACT STATE OF ISSUE: ARKANSAS

GC 3000 DIL

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PART IA - LONG TERM DISABILITY INSURANCE SUMMARY

H35922

Participant Contribution	Participants are required to contribute a part of the premium for their insurance under this Group Policy	
Elimination Period	The greater of salary continuance or [90 days]	
Own Occupation Period	[two] years	
Primary Monthly Benefit	[60%] of the Participant's Predisability Earnings.	
Maximum Monthly Benefit	[\$6,000]	
Minimum Monthly Benefit	the greater of [10%] of the Participant's Primary Monthly Benefit or [\$100]	
Maximum Benefit Payment Period	Participant's Age on The Date Disability Begins _____	Months of the Benefit Payment Period _____
	Before age 65	greater of 36 months or to Social Security Normal Retirement Age
	65-67	24 months
	68-69	18 months
	70-71	15 months
	72 and over	12 months
Rehabilitation Services and Benefits		
Rehabilitation Services	Included	
Predisability Intervention Services	Included	
Rehabilitation Incentive Benefit	[5%]	
Reasonable Accommodation Benefit	[\$2,000]	
Other Coverage Features		
Work Incentive Benefit	[24] months	
Survivor Benefit	[three] times Primary Monthly Benefit	
NOTE:		
No premiums are required during a Long Term Disability Benefit Payment Period.		
Benefits may be reduced by other sources of income and disability earnings.		
Some disabilities may not be covered or may be limited under this insurance.		

This summary provides only highlights of this Group Policy. The entire Group Policy determines all rights, benefits, exclusions and limitations of the insurance described above.

H35978

Participant Contribution	Participants are required to contribute the entire premium for their insurance under this Group Policy	
Elimination Period	The greater of salary continuance or [90 days]	
Own Occupation Period	to Social Security Normal Retirement Age	
Primary Monthly Benefit	[60%] of the Participant's Predisability Earnings.	
Maximum Monthly Benefit	[\$25,000]	
Minimum Monthly Benefit	the greater of [10%] of the Participant's Primary Monthly Benefit or [\$100]	
Maximum Benefit Payment Period	Participant's Age on The Date Disability Begins	Months of the Benefit Payment Period
	Before age 65	greater of 36 months or to Social Security Normal Retirement Age
	65-67	24 months
	68-69	18 months
	70-71	15 months
	72 and over	12 months
Rehabilitation Services and Benefits		
Rehabilitation Services	Included	
Predisability Intervention Services	Included	
Rehabilitation Incentive Benefit	[10%]	
Reasonable Accommodation Benefit	[\$2,000]	
Other Coverage Features		
Work Incentive Benefit	[24] months	
Survivor Benefit	[three] times Primary Monthly Benefit	
NOTE:		
No premiums are required during a Long Term Disability Benefit Payment Period.		
Benefits may be reduced by other sources of income and disability earnings.		
Some disabilities may not be covered or may be limited under this insurance.		

H35979

Participant Contribution	Participants are required to contribute the entire premium for their insurance under this Group Policy
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Elimination Period	<i>The greater of salary continuance or [90 days]</i>	
Own Occupation Period	to Social Security Normal Retirement Age	
Primary Monthly Benefit	<i>[60%]</i> of the <i>Participant's</i> Predisability Earnings	
Maximum Monthly Benefit	<i>[\$15,000]</i>	
Minimum Monthly Benefit	the greater of <i>[10%]</i> of the <i>Participant's</i> Primary Monthly Benefit or <i>[\$100]</i>	
Maximum Benefit Payment Period	<i>Participant's Age on The Date Disability Begins</i>	Months of the Benefit Payment Period
	Before age 65	greater of 36 months or to Social Security Normal Retirement Age
	65-67	24 months
	68-69	18 months
	70-71	15 months
	72 and over	12 months
Rehabilitation Services and Benefits		
Rehabilitation Services	Included	
Predisability Intervention Services	Included	
Rehabilitation Incentive Benefit	<i>[10%]</i>	
Reasonable Accommodation Benefit	<i>[\$2,000]</i>	
Other Coverage Features		
Work Incentive Benefit	<i>[24]</i> months	
Survivor Benefit	<i>[three]</i> times Primary Monthly Benefit	
NOTE:		
No premiums are required during a Long Term Disability Benefit Payment Period.		
Benefits may be reduced by other sources of income and disability earnings.		
Some disabilities may not be covered or may be limited under this insurance.		

PART I - DEFINITIONS

When used in this Group Policy, the terms listed below will mean:

Active Work; Actively at Work *(Effective 06/01/2006)*

A Participant will be considered Actively at Work if he or she is able and available for active performance of all of his or her regular duties. Short term absence because of a regularly scheduled day off, holiday, vacation day, jury duty, funeral leave, or personal time off is considered Active Work provided the Participant is able and available for active performance of all of his or her regular duties and was working the day immediately prior to the date of his or her absence.

Active Work; Actively at Work *(Effective 05/01/2007)*

A Participant will be considered Actively at Work if his or her coverage is not terminated. Short term absence because of a regularly scheduled day off, holiday, vacation day, jury duty, funeral leave, or personal time off is considered Active Work provided he or she is able and available for active performance of all of his or her regular duties and were working the day immediately prior to the date of his or her absence.

Benefit Payment Period

The period of time during which benefits are payable.

Current Earnings

A Participant's Monthly Earnings for each month that he or she is Disabled. While Disabled, a Participant's Monthly Earnings may result from working for the Policyholder or any other employer.

Date of Issue

The date this Group Policy is placed in force: *June 1, 2006*

Dependent

Any person who qualifies for benefits as a dependent under the Federal Social Security Act as a result of the *Participant's* Disability or retirement, whether or not residing in the *Participant's* home.

Disability; Disabled (H35922)

A *Participant* will be considered Disabled if, solely and directly because of sickness, injury, or pregnancy:

During the Elimination Period and the Own Occupation Period, one of the following applies:

- a. The *Participant* cannot perform the majority of the Substantial and Material Duties of his or her Own Occupation.
- b. The *Participant* is performing the duties of his or her Own Occupation on a Modified Basis or any occupation and is unable to earn more than [80%] of his or her Indexed Predisability Earnings.

After completing the Elimination Period and the Own Occupation Period, one of the following applies:

- a. The *Participant* cannot perform the majority of the Substantial and Material Duties of any occupation for which he or she is or may reasonably become qualified based on education, training, or experience.
- b. The *Participant* is performing the Substantial and Material Duties of his or her Own Occupation or any occupation on a Modified Basis and is unable to earn more than [80%] of his or her Indexed Predisability Earnings.

The loss of a professional or occupational license or certification does not, in itself, constitute a Disability.

Disability; Disabled (H35978 & H35979)

A *Participant* will be considered Disabled if, solely and directly because of sickness, injury, or pregnancy:

During the Elimination Period and the Benefit Payment Period, one of the following applies:

- a. The *Participant* cannot perform the majority of the Substantial and Material Duties of his or her Own Occupation.
- b. The *Participant* is performing the duties of his or her Own Occupation on a Modified Basis or any occupation and is unable to earn more than [80%] of his or her Indexed Predisability Earnings.

The loss of a professional or occupational license or certification does not, in itself, constitute a Disability.

Disability; Disabled (for Pilots) (H35922)

A *Participant* will be considered Disabled if, solely and directly because of sickness, injury, or pregnancy:

During the Elimination Period and the Benefit Payment Period one of the following applies:

- a. The *Participant* cannot perform the majority of the Substantial and Material Duties of any occupation for which he or she is or may reasonably become qualified based on education, training, or experience.
- b. The *Participant* is performing the Substantial and Material Duties of his or her Own Occupation or any occupation on a Modified Basis and is unable to earn more than [80%] of his or her Indexed Predisability Earnings.

The loss of a professional or occupational license or certification does not, in itself, constitute a Disability.

Elimination Period

The period of time a *Participant* must be Disabled before benefits begin to accrue. An Elimination Period starts on the date a *Participant* is Disabled and must be satisfied for each period of Disability. A *Participant* who is in the process of satisfying the Elimination Period may recover from the Disability for a period of time and then again become Disabled from the same or a different cause. A recovery will not require the *Participant* to start a new Elimination Period as long as the Elimination Period is satisfied by the required number of days of Disability during a period that is twice as long as the Elimination Period. The periods of Disability will be combined to satisfy the Elimination Period.

Generally Accepted

Treatment, service, or medication that:

- a. has been accepted as the standard of practice according to the prevailing opinion among experts as shown by (or in) articles published in authoritative, peer-reviewed medical, and scientific literature; and
- b. is in general use in the medical community; and
- c. is not under continued scientific testing or research as a therapy for the particular sickness or injury which is the subject of the claim.

Group Policy

The policy of group insurance issued to the Policyholder by The Principal which describes benefits and provisions for insured *Participants*.

Hospital

An institution that is licensed as a Hospital by the proper authority of the state in which it is located, but not including any institution, or part thereof, that is used primarily as a clinic, convalescent home, rest home, home for the aged, nursing home, custodial care facility, or training center.

Income Loss Percentage

A *Participant's* Income Loss Percentage is equal to:

- a. the *Participant's* Indexed Predisability Earnings less any Current Earnings from the *Participant's* Own Occupation or any occupation; divided by
- b. the *Participant's* Indexed Predisability Earnings.

Indexed Predisability Earnings

A *Participant's* Predisability Earnings adjusted for increases in the Consumer Price Index.

Insurance Month

Calendar month.

Maximum Monthly Benefit (H35922)

[4]

[\$6,000]

Maximum Monthly Benefit (H35978)

[4]

[\$25,000]

Maximum Monthly Benefit (H35979)

[4]

[\$15,000]

Mental Health Condition

Any condition which is:

- a. manifested by a psychiatric disturbance including, but not limited to, a biologically or chemically based disorder; and
- b. categorized in the current edition of the American Psychiatric Associations Diagnostic and Statistical Manual of Mental Disorders.

Conditions not considered a Mental Health Condition include:

- a. dementia; and
- b. organic brain syndrome; and
- c. delirium; and
- d. organic amnesia syndromes; and
- e. organic delusional or organic hallucinogenic syndromes.

Modified Basis

A *Participant* will be considered working on a Modified Basis if he or she is working on either a part-time basis or performing some but not all of the Substantial and Material Duties of the occupation on a full-time basis.

Monthly Earnings

For *Participants* with no ownership interest in the business entity of the Policyholder:

On any date, a *Participant's* basic monthly (or monthly equivalent) wage then in force, as established by the Policyholder. Basic wage does not include tips, differential pay, housing and/or car allowance, or overtime pay. Basic wage does include commissions, bonuses, or any deferred earnings under a qualified deferred compensation plan such as contributions to Internal Revenue Code Section 401(k), 403(b), or 457 deferred compensation arrangements and any amount of voluntary earnings reduction under a qualified Section 125 Cafeteria Plan.

Commissions and bonuses will be averaged for:

- a. the *one* calendar year period prior to the date Disability begins, if the *Participant* has been employed for at least one calendar year(s); or
- b. the completed months of employment prior to the date Disability begins, if the *Participant* has been employed for less than one calendar year(s).

For the purposes of benefit calculation and premium remittance, this amount will be rounded (up for life and down for STD and LTD) to the next (higher or lower) \$1,000.

For *Participants* with ownership interest in the business entity of the Policyholder, such as an owner of a sole proprietorship, a partner in a partnership, a shareholder of a corporation or subchapter S-corporation, or a *Participant* of a limited liability company or limited liability partnership, Monthly Earnings on any date are based on an average of the following earnings as reported for Federal Income Tax purposes for the last two calendar year(s), assuming the owner meets all eligibility requirements:

- a. the *Participant's* share (based on ownership or contractual agreement) of the gross revenue or income earned by the Policyholder, including income earned by the *Participant* and others under the *Participant's* supervision or direction; less
- b. the *Participant's* share (based on ownership or contractual agreement) of the usual and customary unreimbursed business expenses of the Policyholder which are incurred on a regular basis, are essential to the established business operation of the Policyholder, are deductible for Federal Income Tax purposes, and do not exceed the expenses before Disability began; plus
- c. the salary, benefits, and other forms of compensation which are payable to the *Participant*, and any contributions to a pension or profit sharing plan made on the *Participant's* behalf by the Policyholder.

Monthly Earnings do not include any form of unearned income such as dividends, rent, interest, capital gains, income received from any form of deferred compensation, retirement, pension plan, income from royalties, or disability benefits.

Other Income Sources (H35922 & H35979)

- a. All disability payments for the month that the *Participant* and the *Participant's* Dependents receive (or would have received if complete and timely application had been made) under the Federal Social Security Act, Railroad Retirement Act, or any similar act of any federal, state, provincial, municipal, or other governmental agency; and
- b. for a *Participant* who has reached Social Security Normal Retirement Age or older, all retirement payments for the month that the *Participant* and the *Participant's* Dependents receive (or would have received if complete and timely application had been made) under the Federal Social Security Act, Railroad Retirement Act, or any similar act of any federal, state, provincial, municipal, or other governmental agency; and

- c. for a *Participant* who is less than Social Security Normal Retirement Age, all retirement payments for the month that the *Participant* and the *Participant's* Dependents receive under the Federal Social Security Act, Railroad Retirement Act, or any similar act of any federal, state, provincial, municipal, or other governmental agency; and
- d. all payments for the month that the *Participant* receives from a permanent or temporary award or settlement under a Workers' Compensation Act, or other similar law, whether or not liability is admitted. Payments that are specifically set out in an award or settlement as medical benefits, rehabilitation benefits, income benefits for fatal injuries or income benefits for scheduled injuries involving loss or loss of use of specific body members will not be considered an Other Income Source; and
- e. all payments for the month that the *Participant* receives (or would have received if complete and timely application had been made) under a policy that provides benefits for loss of time from work, if the Policyholder pays a part of the cost or makes payroll deductions for that coverage; and
- f. all payments for the month that the *Participant* receives or is eligible to receive under another group disability insurance policy; and
- g. all payments for the month that the *Participant* receives under any state disability plan; and
- h. all sick pay, salary continuance payments, personal time off, or severance pay for the month that the *Participant* receives from the Policyholder; and
- i. all retirement payments attributable to employer contributions and all disability payments attributable to employer contributions for the month that the *Participant* receives under a pension plan sponsored by the Policyholder. A pension plan is a defined benefit plan or defined contribution plan providing disability or retirement benefits for employees. A pension plan does not include a profit sharing plan, a thrift savings plan, a nonqualified deferred compensation plan, a plan under Internal Revenue Code Section 401(k) or 457, an Individual Retirement Account (IRA), a Tax Deferred Sheltered Annuity (TSA) under Internal Revenue Code Section 403(b), a stock ownership plan, or a Keogh (HR-10) plan with respect to partners; and
- j. all payments for the month that the *Participant* receives for loss of income under no-fault auto laws. Supplemental disability benefits purchased under a no-fault auto law will not be counted; and
- k. all renewal commissions for the month that the *Participant* receives from the Policyholder.

NOTE:

If any sick pay, salary continuance payments, personal time off, or severance pay or loss of time from work payments specified above are attributable to individual disability insurance policies, the payments will not be considered an Other Income Source.

Any retirement payments the *Participant* receives under the Federal Social Security Act or a pension plan which he or she had been receiving in addition to his or her Monthly Earnings prior to a claim for Disability, will not be considered an Other Income Source.

Military or Veterans Administration disability or retirement payments will not be considered an Other Income Source.

After the initial deduction for each of the Other Income Sources, benefits will not be further reduced due to any cost of living increases payable under the above stated sources.

Withdrawal of pension plan benefits by a *Participant* for the purpose of placing the benefits in a subsequent pension plan or a deferred compensation plan will not be considered an Other Income Source unless the *Participant* withdraws pension benefits from the subsequent pension plan or defined compensation plan due to disability or retirement.

Other Income Sources (H35978)

- a. *all* payments for the month that the *Participant* receives from a permanent or temporary award or settlement under a Workers' Compensation Act, or other similar law, whether or not liability is admitted. Payments that are specifically set out in an award or settlement as medical benefits, rehabilitation benefits, income benefits for fatal injuries or income benefits for scheduled injuries involving loss or loss of use of specific body members will not be considered an Other Income Source; and
- b. all payments for the month that the *Participant* receives (or would have received if complete and timely application had been made) under a policy that provides benefits for loss of time from work, if the Policyholder pays a part of the cost or makes payroll deductions for that coverage; and
- c. all payments for the month that the *Participant* receives or is eligible to receive under another group disability insurance policy; and
- d. all payments for the month that the *Participant* receives under any state disability plan; and
- e. all severance pay for the month that the *Participant* receives from the Policyholder; and

- f. all retirement payments attributable to employer contributions and all disability payments attributable to employer contributions for the month that the *Participant* receives under a pension plan sponsored by the Policyholder. A pension plan is a defined benefit plan or defined contribution plan providing disability or retirement benefits for employees. A pension plan does not include a profit sharing plan, a thrift savings plan, a nonqualified deferred compensation plan, a plan under Internal Revenue Code Section 401(k) or 457, an Individual Retirement Account (IRA), a Tax Deferred Sheltered Annuity (TSA) under Internal Revenue Code Section 403(b), a stock ownership plan, or a Keogh (HR-10) plan with respect to partners; and
- g. all payments for the month that the *Participant* receives for loss of income under no-fault auto laws. Supplemental disability benefits purchased under a no-fault auto law will not be counted; and
- h. all renewal commissions for the month that the *Participant* receives from the Policyholder.

NOTE:

If any severance pay or loss of time from work payments specified above are attributable to individual disability insurance policies, the payments will not be considered an Other Income *Source*.

Military or Veterans Administration disability or retirement payments will not be considered an Other Income Source.

After the initial deduction for each of the Other Income Sources, benefits will not be further reduced due to any cost of living increases payable under the above stated sources.

Withdrawal of pension plan benefits by a *Participant* for the purpose of placing the benefits in a subsequent pension plan or a deferred compensation plan will not be considered an Other Income Source unless the *Participant* withdraws pension benefits from the subsequent pension plan or defined compensation plan due to disability or retirement.

Own Occupation

The occupation the *Participant* is routinely performing for the Policyholder when his or her Disability begins.

Own Occupation Period (H35922)

[5]

The first [two] year(s) of the Benefit Payment Period.

Participant

Any full-time employee or part-time employee who has enrolled and works the required number of hours during each benefit quarter as determined by Dillard's accounting calendar.

Physician

- a. A licensed Doctor of Medicine (M.D.) or Osteopathy (D.O.); or
- b. any other licensed health care practitioner that state law requires be recognized as a Physician under this Group Policy, provided that the services provided by such person are within the lawful scope of his or her license.

The term Physician does not include the *Participant*, an employee of the *Participant*, a business or professional partner or associate of the *Participant*, any person who has a financial affiliation or business interest with the *Participant*, anyone related to the *Participant* by blood or marriage, or anyone living in the *Participant's* household.

Policy Anniversary

June 1, 2007, and the same day of each year.

Policyholder

The entity to whom this Group Policy is issued (see Title Page).

Predisability Earnings

A Participant's Monthly Earnings in effect prior to the date Disability begins.

Primary Monthly Benefit (H35922)

- [6] [60%] of the *Participant's* Predisability Earnings. The Primary Monthly Benefit will not exceed the Maximum Monthly Benefit of [\$6,000].

Primary Monthly Benefit (H35978)

- [6] [60%] of the *Participant's* Predisability Earnings. The Primary Monthly Benefit will not exceed the Maximum Monthly Benefit of [\$25,000].

Primary Monthly Benefit (H35979)

- [6] [60%] of the *Participant's* Predisability Earnings. The Primary Monthly Benefit will not exceed the Maximum Monthly Benefit of [\$15,000].

Prior Plan

The Group Long Term Disability coverage of either:

- a. the Policyholder; or
- b. a business entity which has been obtained by the Policyholder through a merger or acquisition;

for which this Group Policy is a replacement.

Proof of Good Health

Written evidence that a person is insurable under the underwriting standards of The Principal. This proof must be provided in a form satisfactory to The Principal.

Reasonable Accommodation

Changes in a *Participant's* work environment or in the way a job is performed which allows the *Participant* to perform the essential functions of that job.

Regular and Appropriate Care

A *Participant* will be considered to be receiving Regular and Appropriate Care if he or she:

- a. is evaluated in person by a Physician; and
- b. receives treatment appropriate for the condition causing the Disability; and
- c. undergoes evaluations and treatment that is provided by a Physician whose specialty is appropriate for the condition causing the Disability; and
- d. undergoes evaluations and treatment at a frequency intended to return the *Participant* to full-time work; and
- e. pursues reasonable treatment options or recommendations to achieve maximum medical improvement.

The Principal may require the *Participant* to have his or her Physician provide a Written evaluation and treatment plan for the condition causing the Disability, which meets Generally Accepted medical standards and is satisfactory to The Principal.

The Principal may waive, in Writing to the *Participant*, the Regular and Appropriate Care requirement if it is determined that continued care would be of no benefit to the *Participant*.

Signed or Signature

Any symbol or method executed or adopted by a person with the present intention to authenticate a record, and which is on or transmitted by paper or electronic media, and which is consistent with applicable law and is agreed to by The Principal.

Social Security Normal Retirement Age (SSNRA)

Social Security Normal Retirement Age as defined by the Social Security Administration on the date Disabled.

<u>Year of Birth</u>	<u>Normal Retirement Age</u>
Before 1938	65
1938	65 and 2 months
1939	65 and 4 months
1940	65 and 6 months
1941	65 and 8 months
1942	65 and 10 months
1943 - 1954	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
After 1959	67

Special Condition (*H35922*)

Special Condition means:

- a. thoracic outlet syndrome; and
- b. headaches (including, but not limited to functional, migraine, organic, sinus, and tension); and
- c. chronic fatigue syndrome; and
- d. fibromyalgia; and
- e. temporomandibular joint (TMJ); and
- f. cumulative trauma disorder, overuse syndrome, or repetitive stress disorder including carpal tunnel syndrome and ulnar tunnel syndrome; and

- g. environmental allergies and Multiple Chemical Sensitivity (MCS); and
- h. Musculoskeletal and connective tissue disorders of the neck and back including any disease or disorder of the cervical, thoracic, and lumbosacral back and its surrounding soft tissue including sprains and strains of joints and adjacent muscles, except:

Musculoskeletal conditions that are not considered Special Conditions are:

- (1) arthritis; and
- (2) ruptured intervertebral discs; and
- (3) scoliosis; and
- (4) spinal fractures; and
- (5) osteopathies; and
- (6) spinal tumors, malignancy, or vascular malformations; and
- (7) radiculopathies, documented by electromyogram; and
- (8) spondylolisthesis, grade II or higher; and
- (9) myelopathies and myelitis; and
- (10) demyelinating disease; and
- (11) traumatic spinal cord necrosis.

Substantial and Material Duties

The essential tasks generally required by employers from those engaged in a particular occupation that cannot be modified or omitted.

Written or Writing

A record which is on or transmitted by paper or electronic media, and which is consistent with applicable law.

PART II - POLICY ADMINISTRATION

Section A

Contract

Article 1 - Entire Contract

This Group Policy, the current Certificate, the attached Policyholder application, and any *Participant* applications make up the entire contract. The Principal is obligated only as provided in this Group Policy and is not bound by any trust or plan to which it is not a signatory party.

Article 2 - Policy Changes

Insurance under this Group Policy runs annually to the Policy Anniversary, unless sooner terminated. No agent, employee, or person other than an officer of The Principal has authority to change this Group Policy, and, to be effective, all such changes must be in Writing and Signed by an officer of The Principal.

The Principal reserves the right to change this Group Policy as follows:

- a. Any or all provisions of this Group Policy may be amended or changed at any time, including retroactive changes, to the extent necessary to meet the requirements of any law or any regulation issued by any governmental agency to which this Group Policy is subject.
- b. Any or all provisions of this Group Policy may be amended or changed at any time when The Principal determines that such amendment is required for consistent application of policy provisions.
- c. By Written agreement between The Principal and the Policyholder, this Group Policy may be amended or changed at any time as to any of its provisions.

Any change to this Group Policy, including, but not limited to, those in regard to coverage, benefits, and participation privileges, may be made without the consent of any *Participant*.

Payment of premium beyond the effective date of the change constitutes the Policyholder's consent to the change.

Article 3 - Policyholder Eligibility Requirements (*H35922*)

To be an eligible group and to remain an eligible group, the Policyholder must:

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- a. be actively engaged in business for profit within the meaning of the Internal Revenue Code, or be established as a legitimate nonprofit corporation within the meaning of the Internal Revenue Code; and
- b. make at least the level of premium contributions required for insurance on its eligible *Participants*. The Policyholder must contribute at least 50 % of the required premium for all *Participants*; and
- c. maintain the following participation with respect to eligible employees, excluding those for whom Proof of Good Health is not satisfactory to The Principal:
 - (1) 100% if the *Participant* is to contribute no part of the premium; or
 - (2) 50% if the *Participant* is to contribute part or all of the premium; and
 - (3) have three or more insured employees.

Article 3 - Policyholder Eligibility Requirements (H35978)

To be an eligible group and to remain an eligible group, the Policyholder must:

- a. be actively engaged in business for profit within the meaning of the Internal Revenue Code, or be established as a legitimate nonprofit corporation within the meaning of the Internal Revenue Code; and
- b. maintain the following participation with respect to eligible employees, excluding those for whom Proof of Good Health is not satisfactory to The Principal:
 - (1) 100% if the *Participant* is to contribute no part of the premium; or
 - (2) maintain the greater of 100 % participation or ten insured employees.

Article 3 - Policyholder Eligibility Requirements (H35979)

To be an eligible group and to remain an eligible group, the Policyholder must:

- a. be actively engaged in business for profit within the meaning of the Internal Revenue Code, or be established as a legitimate nonprofit corporation within the meaning of the Internal Revenue Code; and
- b. maintain the following participation with respect to eligible employees, excluding those for whom Proof of Good Health is not satisfactory to The Principal:
 - (1) 100% if the *Participant* is to contribute no part of the premium; or
 - (2) maintain the greater of 25 % participation or ten insured employees.

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Article 4 - Policy Incontestability

In the absence of fraud, after this Group Policy has been in force two years, The Principal may not contest its validity except for nonpayment of premium.

Article 5 - Individual Incontestability and Eligibility

All statements made by any individual insured under this Group Policy will be representations and not warranties. In the absence of fraud, these statements may not be used to contest an *Participant's* insurance unless:

- a. the insurance has been in force for less than two years during the insured's lifetime; and
- b. the statement is in Written form Signed by the *Participant*; and
- c. a copy of the form which contains the statement is given to the insured or the insured's beneficiary at the time insurance is contested.

However, these provisions will not preclude the assertion at any time of defenses based upon the person's ineligibility for insurance under this Group Policy or upon the provisions of this Group Policy. In addition, if an individual's age is misstated, The Principal may at any time adjust premium and benefits to reflect the correct age.

The Principal may at any time terminate a *Participant's* eligibility under this Group Policy in Writing and with 31-day notice:

- a. if the individual submits any claim that contains false or fraudulent elements under state or federal law;
- b. upon finding in a civil or criminal case that a *Participant* has submitted claims that contain false or fraudulent elements under state or federal law;
- c. when a *Participant* has submitted a claim which, in good faith judgment and investigation, a *Participant* knew or should have known, contains false or fraudulent elements under state or federal law.

Article 6 - Information to be Furnished

The Policyholder must, upon request, give The Principal all information needed to administer this Group Policy. If a clerical error is found in this information, The Principal may at any time adjust premium to reflect the facts. An error will not invalidate insurance that would otherwise be in force. Neither will an error continue insurance that would otherwise be terminated.

PART II - POLICY ADMINISTRATION

The Principal may inspect, at any reasonable time, all Policyholder and Participating Unit records which relate to this Group Policy.

Article 7 - Certificates

The Principal will give the Policyholder Certificates for delivery to insured *Participants*. The delivery of such Certificates will be in either paper or electronic format. The Certificates will be evidence of insurance and will describe the basic features of the benefit plan. They will not be considered a part of this Group Policy.

Article 8 - Workers' Compensation Insurance Not Replaced

This Group Policy is not in place of and does not affect nor fulfill the requirements for Workers' Compensation Insurance.

Article 9 - Policy Interpretation

The Principal has complete discretion to construe or interpret the provisions of this group insurance policy, to determine eligibility for benefits, and to determine the type and extent of benefits, if any, to be provided. The decisions of The Principal in such matters shall be controlling, binding, and final as between The Principal and persons covered by this Group Policy, subject to the Claims Procedures in PART IV, Section Q of this Group Policy.

Article 10 - Electronic Transactions

Any transaction relating to this Group Policy may be conducted by electronic means if performance of the transaction is consistent with applicable state and federal law.

Any notice required by the provisions of this Group Policy given by electronic means will have the same force and effect as notice given in writing.

Article 11 - Value Added Service

The Principal reserves the right to offer or provide to a Policyholder an employee assistance program or a wellness program or any other value added service for the employees of the Policyholder. In addition, The Principal may arrange for third party service providers (i.e., employee assistance program companies, wellness program providers), to provide discounted goods and services to those Policyholders of The Principal. While The Principal has arranged these goods, services, and third party provider discounts, the third party service providers are liable to the *Participants* for the provisions of such goods and services. The Principal is not responsible for the provision of such goods or services nor is it liable for the failure of the

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provision of the same. Further, The Principal is not liable to the *Participants* for the negligent provisions of such goods and/or services by the third party service providers.

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PART II - POLICY ADMINISTRATION

Section B

Premiums

Article 1 - Payment Responsibility; Due Dates; Grace Period

The Policyholder is responsible for payment of all premium due while this Group Policy is in force. Payments must be sent to the designated payment center for The Principal in Des Moines, Iowa.

The first premium is due on the Date of Issue of this Group Policy. Each premium thereafter will be due on the first of each Insurance Month. Except for the first premium, a Grace Period of 31 days will be allowed for payment of premium. "Grace Period" means the first 31-day period following a premium due date. The Group Policy will remain in force until the end of the Grace Period, unless the Group Policy has been terminated by notice as described in this PART II, Section C. The Policyholder will be liable for payment of the premium for the time this Group Policy remains in force during the Grace Period.

Article 2 - Premium Rates

The premium rate will be 0.3% of covered Monthly Earnings for each *Participant* insured for Long Term Disability Insurance.

Article 3 - Premium Rate Changes

The Principal may change a premium rate on any of the following dates:

- a. on any premium due date, after the initial premium rate has then been in force *three years* or more and if Written notice is given to the Policyholder at least 31 days before the date of change. After the initial premium rate has been in force for *three years*, The Principal may change the premium rate on any due date if the rate has been in force for 12 months or more and if Written notice is given to the Policyholder at least 31 days before the date of change; or
- b. on any date the definition of *Participant* is changed; or
- c. on any date that the Benefit Payable or class of insured *Participants* is changed; or
- d. on any date a division, subsidiary, or affiliated company is added or terminated; or
- e. on any date the premium contribution required of *Participants* is changed; or

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- f. on any Policy Anniversary, if the total covered Monthly Earnings for then insured *Participants* has increased or decreased by more than 25% since the last Policy Anniversary.

If the Policyholder agrees to participate in the electronic services program of The Principal and, at a later date elects to withdraw from participation, such withdrawal may result in certain administrative fees being charged to the Policyholder.

Article 4 - Premium Amount

The amount of premium to be paid on each due date will be the product of total covered Monthly Earnings for all *Participants* then insured multiplied by the premium rate then in effect.

To ensure accurate premium calculations, the Policyholder is responsible for reporting to The Principal, the following information during the stated time periods:

- a. *Participants* who are eligible to become insured are to be reported during the month prior to or during the month that coverage becomes effective.
- b. *Participants* whose coverage has terminated are to be reported within a month of the date coverage terminated.
- c. Changes in Monthly Earnings are to be reported during the month of or prior to the Policy Anniversary.
- d. Changes in *Participant* insurance class are to be reported during the month of or prior to the Policy Anniversary.

If a *Participant* is added or a present *Participant's* Primary Monthly Benefit amount changes or terminates on other than the first of an Insurance Month, premium for that *Participant* will be adjusted and applied as if the change were to take place on the first of the next following Insurance Month.

Article 5 - Contributions from *Participants*

Participants are required to contribute a part of the premium for their insurance under this Group Policy.

PART II - POLICY ADMINISTRATION

PART II - POLICY ADMINISTRATION

Section C

Policy Termination

Article 1 - Failure to Pay Premium

This Group Policy will terminate at the end of a Grace Period if total premium due has not been received by The Principal before the end of the Grace Period. Failure by the Policyholder to pay the premium within the Grace Period will be deemed notice by the Policyholder to The Principal to discontinue this Group Policy at the end of the Grace Period.

Article 2 - Termination Rights of the Policyholder

The Policyholder may terminate this Group Policy effective on the day before any premium due date by giving Written notice to The Principal prior to that premium due date. The Policyholder's issuance of a stop-payment order for any amounts used to pay premiums for the Policyholder's insurance will be considered Written notice from the Policyholder.

Article 3 - Termination Rights of The Principal

The Principal may nonrenew or terminate this Group Policy by giving the Policyholder 31 days advance notice in Writing, if the Policyholder:

- a. ceases to be an eligible group as described in PART II, Section A; or
- b. has performed an act or practice that constitutes fraud or has made an intentional misrepresentation of material fact under the terms of this Group Policy; or
- c. does not promptly provide The Principal with information that is reasonably required; or
- d. fails to perform any of its obligations that relate to this Group Policy.

The Principal may terminate the Policyholder's coverage on any premium due date if the Policyholder relocates to a state where this Group Policy is not marketed, by giving the Policyholder 31 days advanced notice in Writing.

Article 4 - Policyholder Responsibility to *Participants*

If this Group Policy terminates for any reason, the Policyholder must:

PART II - POLICY ADMINISTRATION

- a. notify each *Participant* of the effective date of the termination; and
- b. refund or otherwise account to each *Participant* all contributions received or withheld from *Participants* for premiums not actually paid to The Principal.

PART II - POLICY ADMINISTRATION

PART III - INDIVIDUAL REQUIREMENTS AND RIGHTS

Section A

Eligibility

Article 1 - *Participant* Insurance

A person will be eligible for insurance on the later of:

- a. the Date of Issue of this Group Policy; or
- b. *the 1st day of the month following meeting eligibility and enrolling. Eligibility will be determined by Dillard's.*

PART III - INDIVIDUAL REQUIREMENTS AND RIGHTS

PART III - INDIVIDUAL REQUIREMENTS AND RIGHTS

Section B

Effective Dates

Article 1 - Actively at Work

A *Participant's* effective date for Long Term Disability Insurance will be as explained in this section, if the *Participant* is Actively at Work on that date. If the *Participant* is not Actively at Work on the date insurance would otherwise be effective, such insurance will not be in force until the day of return to Active Work.

This Actively at Work requirement may be waived as described in Replacement of a Prior Plan in PART IV, Section O, Article 4 of this Group Policy.

Article 3 - Effective Date for Contributory Insurance

If a *Participant* is to contribute a part of premium, insurance must be requested in a form provided by The Principal. Unless Proof of Good Health is required (see Articles 4 and 5 below), the requested insurance will be in force on:

- a. the date the *Participant* is eligible, if the request is made on or before that date; or
- b. the first of the Insurance Month coinciding with or next following the date of the *Participant's* request, if the request is made within 30 days after the date the *Participant* is eligible.

If the request is made more than 30 days after the date the *Participant* is eligible, Proof of Good Health will be required before insurance can be in force (see Articles 4 and 5 below).

Article 4 - Effective Date When Proof of Good Health is Required

Insurance for which Proof of Good Health is required will be in force on the later of:

- a. the date insurance would have been effective if Proof of Good Health had not been required; or
- b. the first of the Insurance Month coinciding with or next following the date Proof of Good Health is approved by The Principal.

PART III - INDIVIDUAL REQUIREMENTS AND RIGHTS

Article 5 - Proof of Good Health Requirements

The type and form of required Proof of Good Health will be determined by The Principal. A *Participant* must submit Proof of Good Health:

- a. If insurance for which a *Participant* contributes a part of premium is requested more than 30 days after the date the *Participant* is eligible.
- b. If a *Participant* has failed to provide required Proof of Good Health or has been refused insurance under this Group Policy at any prior time.
- c. If a *Participant* elects to terminate insurance and, more than 30 days later, requests to be insured again.
- d. If, on the date a *Participant* becomes eligible, fewer than ten *Participants* are insured.
- e. If, on the date a *Participant* becomes eligible for any increase or additional Benefit Payable amount, fewer than ten *Participants* are insured.

Article 6 - Effective Date for Benefit Changes Due to a Change in Monthly Earnings

Unless Proof of Good Health is required (see Articles 4 and 5 above), a change in Benefit Payable amount because of a change in the *Participant's* Monthly Earnings will normally be effective on the *June 1st* that next follows the date of change. However, if the *Participant* is not Actively at Work on the date a Benefit Payable change would otherwise be effective, the Benefit Payable change will not be in force until the date the *Participant* returns to Active Work.

Article 6A - Effective Date for Benefit Changes Due to a Change in Insurance Class

Unless Proof of Good Health is required (see Articles 4 and 5 above), a change in Benefit Payable amount because of a change in the *Participant's* insurance class will normally be effective on the Policy Anniversary that next follows the date of change. However, if the *Participant* is not Actively at Work on the date a Benefit Payable change would otherwise be effective, the Benefit Payable change will not be in force until the date the *Participant* returns to Active Work.

PART III - INDIVIDUAL REQUIREMENTS AND RIGHTS

Article 7 - Effective Date for Benefit Changes - Change by Policy Amendment or Endorsement

Unless Proof of Good Health is required (see Articles 4 and 5 above), a change in the amount of a *Participant's* Benefit Payable (as described in PART IV, Section B) by amendment or endorsement to this Group Policy will be effective on the date of change. However, if the *Participant* is not Actively at Work on the date a Benefit Payable change would otherwise be effective, the Benefit Payable change will not be in force until the date the *Participant* returns to Active Work.

PART III - INDIVIDUAL REQUIREMENTS AND RIGHTS

PART III - INDIVIDUAL REQUIREMENTS AND RIGHTS

Section C

Participant Termination, Continuation, and Reinstatement

Article 1 - *Participant Termination*

A *Participant's* insurance under this Group Policy will terminate on the earliest of:

- a. the date this Group Policy is terminated; or
- b. the end of the Insurance Month for which the last premium is paid for the *Participant's* insurance; or
- c. for contributory insurance, the end of any Insurance Month if requested by the *Participant* before that date; or
- d. the end of the Insurance Month in which the *Participant* ceases to be a *Participant* as defined; or
- e. the end of the Insurance Month in which the *Participant* ceases to be in a class for which *Participant* Insurance is provided; or
- f. the end of the Insurance Month in which the *Participant* ceases Active Work, except as provided by Articles 2, 3, 4, and 5 of this section.

Termination of insurance for any reason described above will not affect a *Participant's* rights to benefits, if any, for a Disability that begins while the *Participant's* insurance is in force under this Group Policy. A *Participant* is considered to be continuously Disabled if he or she is Disabled from one condition and, while still Disabled from that condition, incurs another condition that causes Disability.

Article 2 - *Participant Continuation*

A *Participant* may qualify to have his or her insurance continued under one or more of the continuation articles below. If a *Participant* qualifies for continuation under more than one article, the longest period of continuation will be applied, and all periods of continuation will run concurrently.

PART III - INDIVIDUAL REQUIREMENTS AND RIGHTS

Article 3 - *Participant* Continuation and Reinstatement - Sickness, Injury, or Pregnancy

If a *Participant* ceases Active Work due to sickness, injury, or pregnancy, the *Participant's* insurance can be continued subject to payment of premium, until the earliest of:

- a. the date insurance would otherwise terminate as provided in Article 1, items a. through e. above; or
- b. the end of the Insurance Month in which the *Participant* recovers; or
- c. the date *the greater of salary continuance or 90 days* after Active Work ends.

For a *Participant* who establishes a Benefit Payment Period, his or her insurance will be reinstated if the *Participant* returns to Active Work for the Policyholder within six months of the date the Benefit Payment Period ends. The *Participant's* reinstated insurance will be in force on the date of return to Active Work.

For a *Participant* who does not qualify to have a Benefit Payment Period begin, insurance will be reinstated if he or she returns to Active Work for the Policyholder within six months of the date insurance ceased. The *Participant's* reinstated insurance will be in force on the date of return to Active Work.

Proof of Good Health will be required to place in force any Benefit Payable that would have been subject to Proof of Good Health had the *Participant* remained continuously insured.

Article 4 - *Participant* Continuation and Reinstatement - Layoff or Leave of Absence

If a *Participant* ceases Active Work due to layoff or leave of absence, his or her insurance can be continued, subject to premium payment, until the earlier of:

- a. the date insurance would otherwise terminate as provided in Article 1, items a. through e. above; or
- b. the end of the Insurance Month in which Active Work ends.

A *Participant's* insurance will be reinstated if he or she returns to Active Work for the Policyholder within six months of the date insurance ceased. The *Participant's* reinstated insurance will be in force on the date of his or her return to Active Work.

A longer reinstatement period may be allowed for an approved leave of absence taken in accordance with the provisions of the federal law regarding Uniform Services Employment and Reemployment Rights Act of 1994 (USERRA).

PART III - INDIVIDUAL REQUIREMENTS AND RIGHTS

GC 3016 *DIL* Section C - Participant Termination, Continuation, and Reinstatement,

Proof of Good Health will be required to place in force any Benefit Payable that would have been subject to Proof of Good Health had the *Participant* remained continuously insured.

Article 5 - *Participant* Continuation and Reinstatement - Family and Medical Leave Act (FMLA)

If a *Participant* ceases Active Work due to an approved leave of absence under FMLA, the Policyholder may choose to continue the *Participant* 's insurance, subject to premium payment until the date 12 weeks after the end of the Insurance Month in which Active Work ends.

A *Participant* 's terminated insurance may be reinstated in accordance with the provisions of FMLA.

Article 6 - *Termination of Coverage Due to Failing to Continue to Meet Dillard's Eligibility*

A Participant's coverage will terminate on the 1st day of new benefit quarter following two consecutive benefit quarters where he or she did not work the average number of hours to maintain eligibility as defined by Dillard's and determined by Dillard's accounting calendar.

PART III - INDIVIDUAL REQUIREMENTS AND RIGHTS

PART IV - BENEFITS

Section A

Benefit Qualification

Article 1 - Benefit Qualification

A *Participant* will qualify for Disability benefits if all of the following apply:

- a. The *Participant* is Disabled under the terms of this Group Policy.
- b. The Disability begins while he or she is insured under this Group Policy.
- c. The Disability is not subject to any Limitations listed in this PART IV, Section O.
- d. An Elimination Period of *the greater of salary continuance or [90 days]* is completed.
- e. A Benefit Payment Period is established.
- f. The *Participant* is under the Regular and Appropriate Care of a Physician.
- g. The claim requirements listed in this PART IV, Section Q are satisfied.

A Benefit Payment Period will be established on the later of:

- a. the date the *Participant* completes an Elimination Period; or
- b. the date six months before The Principal receives Written proof of the *Participant's* Disability.

NOTE: No premiums are required during a Long Term Disability Benefit Payment Period.

Disability; Disabled (*H35922*)

A *Participant* will be considered Disabled if, solely and directly because of sickness, injury, or pregnancy:

During the Elimination Period and the Own Occupation Period, one of the following applies:

- a. The *Participant* cannot perform the majority of the Substantial and Material Duties of his or her Own Occupation.

PART IV - BENEFITS

- b. The *Participant* is performing the duties of his or her Own Occupation on a Modified Basis or any occupation and is unable to earn more than [80%] of his or her Indexed Predisability Earnings.

After completing the Elimination Period and the Own Occupation Period, one of the following applies:

- a. The *Participant* cannot perform the majority of the Substantial and Material Duties of any occupation for which he or she is or may reasonably become qualified based on education, training, or experience.
- b. The *Participant* is performing the Substantial and Material Duties of his or her Own Occupation or any occupation on a Modified Basis and is unable to earn more than [80%] of his or her Indexed Predisability Earnings.

The loss of a professional or occupational license or certification does not, in itself, constitute a Disability.

Disability; Disabled (H35978 & H35979)

A *Participant* will be considered Disabled if, solely and directly because of sickness, injury, or pregnancy:

During the Elimination Period and the Benefit Payment Period, one of the following applies:

- a. The *Participant* cannot perform the majority of the Substantial and Material Duties of his or her Own Occupation.
- b. The *Participant* is performing the duties of his or her Own Occupation on a Modified Basis or any occupation and is unable to earn more than [80%] of his or her Indexed Predisability Earnings.

The loss of a professional or occupational license or certification does not, in itself, constitute a Disability.

Elimination Period

The period of time a *Participant* must be Disabled before benefits begin to accrue. An Elimination Period starts on the date a *Participant* is Disabled and must be satisfied for each period of Disability. A *Participant* who is in the process of satisfying the Elimination Period may recover from the Disability for a period of time and then again become Disabled from the same or a different cause. A recovery will not require the *Participant* to start a new Elimination Period as long as the Elimination Period is satisfied by the required number of days of Disability during a period that is twice as long as the Elimination Period. The periods of Disability will be combined to satisfy the Elimination Period.

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Own Occupation Period (*H35922*)

The first [*two*] year(s) of the Benefit Payment Period.

Benefit Payment Period

The period of time during which benefits are payable.

Substantial and Material Duties

The essential tasks generally required by employers from those engaged in a particular occupation that cannot be modified or omitted.

Own Occupation

The occupation the *Participant* is routinely performing for the Policyholder when his or her Disability begins.

Modified Basis

A *Participant* will be considered working on a Modified Basis if he or she is working on either a part-time basis or performing some but not all of the Substantial and Material Duties of the occupation on a full-time basis.

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Section B

Benefits Payable

Article 1 - If the *Participant* is not working during a period of Disability

The Benefit Payable to a *Participant* for each full month of a Benefit Payment Period will be the *Participant's* Primary Monthly Benefit less Other Income Sources.

Article 2 - If the *Participant* is working during a period of Disability

The work incentive Benefit Payable to a *Participant* for each full month of a Benefit Payment Period will be:

[8]

- a. for the first [24] months, the lesser of:
 - (1) 100% of Indexed Predisability Earnings less Other Income Sources, less Current Earnings from his or her Own Occupation or any occupation; or
 - (2) the Primary Monthly Benefit less Other Income Sources; and
- b. thereafter, the *Participant's* Primary Monthly Benefit less Other Income Sources, multiplied by the *Participant's* Income Loss Percentage.

On each March 1, following the date the *Participant* becomes Disabled, the *Participant's* Predisability Earnings will be increased by the average rate of increase in the Consumer Price Index during the preceding calendar year, subject to an annual maximum of 10%.

If the *Participant* has been Disabled for less than one year as of March 1, the amount of the increase will be multiplied by the ratio of:

- a. the number of completed months of Disability as of March 1;
- b. divided by 12 months.

Consumer Price Index means the U.S. City Average for Urban Consumers, All Items, as published in the Consumer Price Index by the United States Department of Labor for the preceding calendar year.

Primary Monthly Benefit (*H35922*)

[60%] of the *Participant's* Predisability Earnings. The Primary Monthly Benefit will not exceed the Maximum Monthly Benefit of [\$6,000].

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Primary Monthly Benefit (H35978)

[60%] of the *Participant's* Predisability Earnings. The Primary Monthly Benefit will not exceed the Maximum Monthly Benefit of [\$25,000].

Primary Monthly Benefit (H35979)

[60%] of the *Participant's* Predisability Earnings. The Primary Monthly Benefit will not exceed the Maximum Monthly Benefit of [\$15,000].

Predisability Earnings

A *Participant's* Monthly Earnings in effect prior to the date Disability begins.

Indexed Predisability Earnings

A *Participant's* Predisability Earnings adjusted for increases in the Consumer Price Index.

Income Loss Percentage

A *Participant's* Income Loss Percentage is equal to:

- a. The *Participant's* Indexed Predisability Earnings less any Current Earnings from the *Participant's* Own Occupation or any occupation; divided by
- b. The *Participant's* Indexed Predisability Earnings.

Current Earnings

A *Participant's* Monthly Earnings for each month that he or she is Disabled. While Disabled, a *Participant's* Monthly Earnings may result from working for the Policyholder or any other employer.

Monthly Earnings

For *Participants* with no ownership interest in the business entity of the Policyholder:

On any date, a *Participant's* basic monthly (or monthly equivalent) wage then in force, as established by the Policyholder. Basic wage does not include tips, differential pay, housing and/or car allowance, or overtime pay. Basic wage does include commissions, bonuses, or any deferred earnings under a qualified deferred compensation plan such as contributions to Internal Revenue Code Section 401(k), 403(b), or 457 deferred compensation arrangements and any amount of voluntary earnings reduction under a qualified Section 125 Cafeteria Plan.

Commissions and bonuses will be averaged for:

PART IV - BENEFITS

- a. the *one* calendar year period prior to the date Disability begins, if the *Participant* has been employed for at least one calendar year(s); or
- b. the completed months of employment prior to the date Disability begins, if the *Participant* has been employed for less than one calendar year(s).

For the purposes of benefit calculation and premium remittance, this amount will be rounded (up for life and down for STD and LTD) to the next (higher or lower) \$1,000.

For *Participants* with ownership interest in the business entity of the Policyholder, such as an owner of a sole proprietorship, a partner in a partnership, a shareholder of a corporation or subchapter S-corporation, or a member of a limited liability company or limited liability partnership, Monthly Earnings on any date are based on an average of the following earnings as reported for Federal Income Tax purposes for the last two calendar year(s), assuming the owner meets all eligibility requirements:

- a. the *Participant's* share (based on ownership or contractual agreement) of the gross revenue or income earned by the Policyholder, including income earned by the *Participant* and others under the *Participant's* supervision or direction; less
- b. the *Participant's* share (based on ownership or contractual agreement) of the usual and customary unreimbursed business expenses of the Policyholder which are incurred on a regular basis, are essential to the established business operation of the Policyholder, are deductible for Federal Income Tax purposes, and do not exceed the expenses before Disability began; plus
- c. the salary, benefits, and other forms of compensation which are payable to the *Participant*, and any contributions to a pension or profit sharing plan made on the *Participant's* behalf by the Policyholder.

Monthly Earnings do not include any form of unearned income such as dividends, rent, interest, capital gains, income received from any form of deferred compensation, retirement, pension plan, income from royalties, or disability benefits.

Other Income Sources (*H35922 & H35979*)

- a. All disability payments for the month that the *Participant* and the *Participant's* Dependents receive (or would have received if complete and timely application had been made) under the Federal Social Security Act, Railroad Retirement Act, or any similar act of any federal, state, provincial, municipal, or other governmental agency; and
- b. for a *Participant* who has reached Social Security Normal Retirement Age or older, all retirement payments for the month that the *Participant* and the *Participant's* Dependents receive (or would have received if complete and timely application had been made) under the Federal Social Security Act, Railroad Retirement Act, or any similar act of any

PART IV - BENEFITS

- federal, state, provincial, municipal, or other governmental agency; and
- c. for a *Participant* who is less than Social Security Normal Retirement Age, all retirement payments for the month that the *Participant* and the *Participant's* Dependents receive under the Federal Social Security Act, Railroad Retirement Act, or any similar act of any federal, state, provincial, municipal, or other governmental agency; and
 - d. all payments for the month that the *Participant* receives from a permanent or temporary award or settlement under a Workers' Compensation Act, or other similar law, whether or not liability is admitted. Payments that are specifically set out in an award or settlement as medical benefits, rehabilitation benefits, income benefits for fatal injuries or income benefits for scheduled injuries involving loss or loss of use of specific body *Participants* will not be considered an Other Income Source; and
 - e. all payments for the month that the *Participant* receives (or would have received if complete and timely application had been made) under a policy that provides benefits for loss of time from work, if the Policyholder pays a part of the cost or makes payroll deductions for that coverage; and
 - f. all payments for the month that the *Participant* receives or is eligible to receive under another group disability insurance policy; and
 - g. all payments for the month that the *Participant* receives under any state disability plan; and
 - h. all sick pay, salary continuance payments, personal time off, or severance pay for the month that the *Participant* receives from the Policyholder; and
 - i. all retirement payments attributable to employer contributions and all disability payments attributable to employer contributions for the month that the *Participant* receives under a pension plan sponsored by the Policyholder. A pension plan is a defined benefit plan or defined contribution plan providing disability or retirement benefits for employees. A pension plan does not include a profit sharing plan, a thrift savings plan, a nonqualified deferred compensation plan, a plan under Internal Revenue Code Section 401(k) or 457, an Individual Retirement Account (IRA), a Tax Deferred Sheltered Annuity (TSA) under Internal Revenue Code Section 403(b), a stock ownership plan, or a Keogh (HR-10) plan with respect to partners; and
 - j. all payments for the month that the *Participant* receives for loss of income under no-fault auto laws. Supplemental disability benefits purchased under a no-fault auto law will not be counted; and
 - k. all renewal commissions for the month that the *Participant* receives from the Policyholder.

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NOTE: If any sick pay, salary continuance payments, personal time off, or severance pay or loss of time from work payments specified above are attributable to individual disability insurance policies, the payments will not be considered an Other Income Source.

Any retirement payments the *Participant* receives under the Federal Social Security Act or a pension plan which he or she had been receiving in addition to his or her Monthly Earnings prior to a claim for Disability, will not be considered an Other Income Source.

Military or Veterans Administration disability or retirement payments will not be considered an Other Income Source.

After the initial deduction for each of the Other Income Sources, benefits will not be further reduced due to any cost of living increases payable under the above stated sources.

Withdrawal of pension plan benefits by a *Participant* for the purpose of placing the benefits in a subsequent pension plan or a deferred compensation plan will not be considered an Other income Source unless the *Participant* withdraws pension benefits from the subsequent pension plan or defined compensation plan due to disability or retirement.

Other Income Sources (H35978)

- a. *all* payments for the month that the *Participant* receives from a permanent or temporary award or settlement under a Workers' Compensation Act, or other similar law, whether or not liability is admitted. Payments that are specifically set out in an award or settlement as medical benefits, rehabilitation benefits, income benefits for fatal injuries or income benefits for scheduled injuries involving loss or loss of use of specific body members will not be considered an Other Income Source; and
- b. all payments for the month that the *Participant* receives (or would have received if complete and timely application had been made) under a policy that provides benefits for loss of time from work, if the Policyholder pays a part of the cost or makes payroll deductions for that coverage; and
- c. all payments for the month that the *Participant* receives or is eligible to receive under another group disability insurance policy; and
- d. all payments for the month that the *Participant* receives under any state disability plan; and
- e. all severance pay for the month that the *Participant* receives from the Policyholder; and

PART IV - BENEFITS

- f. all retirement payments attributable to employer contributions and all disability payments attributable to employer contributions for the month that the *Participant* receives under a pension plan sponsored by the Policyholder. A pension plan is a defined benefit plan or defined contribution plan providing disability or retirement benefits for employees. A pension plan does not include a profit sharing plan, a thrift savings plan, a nonqualified deferred compensation plan, a plan under Internal Revenue Code Section 401(k) or 457, an Individual Retirement Account (IRA), a Tax Deferred Sheltered Annuity (TSA) under Internal Revenue Code Section 403(b), a stock ownership plan, or a Keogh (HR-10) plan with respect to partners; and
- g. all payments for the month that the *Participant* receives for loss of income under no-fault auto laws. Supplemental disability benefits purchased under a no-fault auto law will not be counted; and
- h. all renewal commissions for the month that the *Participant* receives from the Policyholder.

NOTE: If any severance pay or loss of time from work payments specified above are attributable to individual disability insurance policies, the payments will not be considered an Other Income *Source*.

Military or Veterans Administration disability or retirement payments will not be considered an Other Income Source.

After the initial deduction for each of the Other Income Sources, benefits will not be further reduced due to any cost of living increases payable under the above stated sources.

Withdrawal of pension plan benefits by a *Participant* for the purpose of placing the benefits in a subsequent pension plan or a deferred compensation plan will not be considered an Other income Source unless the *Participant* withdraws pension benefits from the subsequent pension plan or defined compensation plan due to disability or retirement.

Article 3 - Minimum Monthly Benefit

[9]

In no event will the monthly Benefit Payable be less than the greater of [10%] of the *Participant's* Primary Monthly Benefit or [\$100] for each full month of a Benefit Payment Period, except that The Principal will have the right to reduce the Minimum Monthly Benefit by any prior benefit overpayment. The Benefit Payable for each day of any part of a Benefit Payment Period that is less than a full month will be the monthly benefit divided by 30.

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PART IV - BENEFITS

Section C

Rehabilitation Services and Benefits

Article 1 - Rehabilitation Services and Benefits

While the *Participant* is Disabled and covered under this Group Policy, he or she may qualify to participate in a rehabilitation plan and receive Rehabilitation Services and Benefits. The Principal will work with the *Participant*, the employer, and the *Participant's* Physician(s), and others as appropriate, to develop an individualized rehabilitation plan intended to assist the *Participant* in returning to work.

Article 2 - Rehabilitation Services

While the *Participant* is Disabled under the terms of the Group Policy, he or she may qualify for Rehabilitation Services. If the *Participant*, the Policyholder and The Principal agree in Writing on a rehabilitation plan in advance, The Principal may pay a portion of reasonable expenses. The goal of the plan will be to return the *Participant* to work.

Any rehabilitation assistance must be approved in advance by The Principal and outlined in a rehabilitation plan. The Benefit Payable as described in this PART IV, Section B, Articles 1 and 2, (subject to the terms and conditions of the section) will continue, unless modified by the rehabilitation plan. Rehabilitation assistance may include, but is not limited to:

- a. coordination of medical services;
- b. vocational and employment assessment;
- c. purchasing adaptive equipment;
- d. business/financial planning;
- e. retraining for a new occupation;
- f. education expenses.

The Principal will periodically review the rehabilitation plan and the *Participant's* progress and The Principal will continue to pay for the agreed upon expenses as long as The Principal determines that the rehabilitation plan is providing the necessary action to return the *Participant* to work.

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Article 3 - Predisability Intervention Services

Rehabilitation Services may be offered to a *Participant* who has not yet become Disabled under the terms of this Group Policy, provided the *Participant* has a condition which has the potential of resulting in the inability to perform the Substantial and Material Duties of his or her Own Occupation.

Article 4 - Rehabilitation Incentive Benefit

[10]

During a Benefit Payment Period, if the *Participant* is participating in and fulfilling the requirements of the rehabilitation plan, but is not yet working, he or she will be eligible for a [5%] increase in the Primary Monthly Benefit percentage as a Rehabilitation Incentive Benefit. Payment of the Rehabilitation Incentive Benefit will begin with the Benefit Payable amount that next follows implementation of the rehabilitation plan. The Rehabilitation Incentive Benefit is not subject to the Maximum Monthly Benefit.

The Rehabilitation Incentive Benefit will terminate on the earliest of:

- a. the date the time frame established in the rehabilitation plan has elapsed; or
- b. the date the *Participant* fails to meet the goals and objectives established in the rehabilitation plan; or
- c. the date the *Participant* has received a total of [12] months of Rehabilitation Incentive Benefits; or
- d. the date benefits would otherwise terminate as provided in this PART IV, Section M, Article 1.

Article 5 - Reasonable Accommodation Benefit

a. Eligibility

An employer or the *Participant* may be eligible for a Reasonable Accommodation Benefit provided the *Participant* would be able to return to work with Reasonable Accommodation of the work environment. This benefit must be approved by The Principal in Writing prior to implementation.

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b. Benefit

[11]

The Principal will reimburse an employer or the *Participant* for expenses incurred to modify the workplace to allow the *Participant* to return to work, up to the actual expense, not to exceed [\$2,000] per Benefit Payment Period. Expenses may include the cost of tools, equipment, furniture, or any other changes to the worksite or environment that The Principal agrees will allow the *Participant* to return to work. Any payment made for Reasonable Accommodation would be the difference between the cost and the amount paid or payable by third parties (including any amount paid under a policy of medical coverage).

Reasonable Accommodation

Changes in a *Participant's* work environment or in the way a job is performed which allows the *Participant* to perform the essential functions of that job.

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PART IV - BENEFITS

Section E

Survivor Benefit and Accelerated Survivor Benefit

Article 1 - Survivor Benefit

[12]

In the event a Benefit Payment Period ends because of the *Participant's* death, a Survivor Benefit will be payable. This Survivor Benefit will be *[three]* times the *Participant's* Primary Monthly Benefit.

The Principal will pay the Survivor Benefit to a *Participant's* spouse, child, parent, or estate as described in this PART IV, Section Q, Claim Procedures.

Article 2 - Accelerated Survivor Benefit

a. Definition of Terminally Ill

A *Participant* will be considered Terminally Ill under this article of this Group Policy if he or she is expected to die within 12 months of the date he or she requests payment of the Accelerated Survivor Benefit.

b. Eligibility

The Principal will pay the *Participant* an Accelerated Survivor Benefit if he or she requests such payment and meets the following requirements. The *Participant* must:

- (1) satisfy the Benefit Qualifications listed in this PART IV, Section A; and
- (2) provide proof that he or she is Terminally Ill by submitting to The Principal:
 - a. a statement from the *Participant's* Physician; and
 - b. any other medical information that The Principal believes necessary to confirm the *Participant's* status; and
- (3) be living on the date of payment of the Accelerated Survivor Benefit.

c. Benefit

If the *Participant* qualifies, The Principal will pay an Accelerated Survivor Benefit. This benefit will be equal to *[three]* times the *Participant's* Primary Monthly Benefit and will be paid to the *Participant* in a single lump sum. This benefit is paid in addition to the *Participant's* regular Benefit Payable.

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d. Effect on Survivor Benefit

If an Accelerated Survivor Benefit is paid, no Survivor Benefit will be payable.

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Section K

Monthly Payment Limit

Article 1 - Monthly Payment Limit (H35922)

In no event will the sum of amounts payable for:

- a. Benefits Payable under this PART IV, Section B, Article(s) 1 and 2;
- b. Rehabilitation Incentive Benefit;
- c. income from Other Income Sources;
- d. Current Earnings from the *Participant's* Own Occupation or any occupation;
- e. payments attributable to individual disability insurance policies;

[13]

exceed 100% of Predisability Earnings. If the *Participant* is eligible for benefits under this PART IV, Section B, Article 2, the Monthly Payment Limit will be increased to 100% of Indexed Predisability Earnings for the first [24] months.

In the event the *Participant's* total income from all sources listed above exceeds 100% of Predisability Earnings, the benefits under this Group Policy will be reduced by the amount in excess of 100% of Predisability Earnings.

Article 1 - Monthly Payment Limit (H35978)

In no event will the sum of amounts payable for:

- a. Benefits Payable under this PART IV, Section B, Article(s) 1 and 2;
- b. Rehabilitation Incentive Benefit;
- c. income from Other Income Sources;
- d. Current Earnings from the *Participant's* Own Occupation or any occupation;
- e. sick pay;

PART IV - BENEFITS

- f. salary continuance payments;
- g. personal time off;
- h. payments attributable to individual disability insurance policies;

[13]

exceed 100% of Predisability Earnings. If the *Participant* is eligible for benefits under this PART IV, Section B, Article 2, the Monthly Payment Limit will be increased to 100% of Indexed Predisability Earnings for the first [24] months.

In the event the *Participant's* total income from all sources listed above exceeds 100% of Predisability Earnings, the benefits under this Group Policy will be reduced by the amount in excess of 100% of Predisability Earnings.

Article 1 - Monthly Payment Limit (H35979)

In no event will the sum of amounts payable for:

- a. Benefits Payable under this PART IV, Section B, Article(s) 1 and 2;
- b. Rehabilitation Incentive Benefit;
- c. income from Other Income Sources;
- d. Current Earnings from the *Participant's* Own Occupation or any occupation;
- e. payments attributable to individual disability insurance policies;

[13]

exceed 100% of Predisability Earnings. If the *Participant* is eligible for benefits under this PART IV, Section B, Article 2, the Monthly Payment Limit will be increased to 100% of Indexed Predisability Earnings for the first [24] months.

In the event the *Participant's* total income from all sources listed above exceeds 100% of Predisability Earnings, the benefits under this Group Policy will be reduced by the amount in excess of 100% of Predisability Earnings.

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Section M

Benefit Payment Period and Recurring Disability

Article 1 - Benefit Payment Period

Benefits are payable:

- a. if Disability begins before age 65, until the later of the date 36 months after the Benefit Payment Period begins, or the date the *Participant* attains Social Security Normal Retirement Age; or
- b. if Disability begins at or after age 65, until the later of the date of Social Security Normal Retirement Age, or the date of completion of the number of months shown below after the Benefit Payment Period begins.

<u><i>Participant</i> 's Age on the Date Disability Begins</u>	<u>Months of the Benefit Payment Period (Beginning with the date the Benefit Payment Period begins)</u>
65-67	24
68-69	18
70-71	15
72 and over	12

However, in no event, will benefits continue beyond:

- a. the date of the *Participant*'s death; or
- b. the date Disability ends, unless a Recurring Disability exists as explained in this section; or
- c. the date the *Participant* fails to provide any required proof of Disability; or
- d. the date the *Participant* fails to submit to any required medical examination or evaluation as provided in this PART IV, Section Q, Article 13; or
- e. the date the *Participant* fails to report any required Current Earnings information; or
- f. the date the *Participant* fails to report income from Other Income Sources; or
- g. the date ten days after receipt of notice from The Principal if the *Participant* fails to pursue Social Security Benefits or benefits under a Workers' Compensation Act or similar law as outlined in this PART IV, Section Q, Article(s) 8 and 9; or

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- h. if Disability results from alcohol, drug or chemical abuse, dependency, or addiction, a Mental Health Condition or a Special Condition, the date 24 months after the Benefit Payment Period begins; or
- i. the date the *Participant* ceases to be under the Regular and Appropriate Care of a Physician.

Article 2 - Recurring Disability

A Recurring Disability will exist under this Group Policy if:

- a. after completing an Elimination Period and during a Benefit Payment Period, a *Participant* ceases to be Disabled; and
- b. the *Participant* then returns to Active Work; and
- c. while insured under this Group Policy, but before completing six continuous months of Active Work, the *Participant* is again Disabled; and
- d. the current Disability and the Disability for which the Elimination Period was completed result from the same or a related cause.

A Recurring Disability will be treated as if the initial Disability had not ended, except that no benefits will be payable for the time between Disabilities. The *Participant* will not be required to complete a new Elimination Period. Benefits will be payable from the first day of each Recurring Disability, but only for the remainder, if any, of the Benefit Payment Period established for the initial Disability.

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Section N

Treatment of Alcohol, Drug or Chemical Abuse, Dependency, or Addiction, a Mental Health Condition, or a Special Condition

Article 1 - Treatment of Alcohol, Drug or Chemical Abuse, Dependency, or Addiction, a Mental Health Condition or a Special Condition

The *Participant's* period of Disability will be considered due to alcohol, drug or chemical abuse, dependency, or addiction, a Mental Health Condition or a Special Condition if:

- a. the *Participant* is limited by one or more of the stated conditions; and
- b. the *Participant* does not have other conditions which, in the absence of the above stated conditions, would continue to exist, limit activities and lead The Principal to conclude that the *Participant* is Disabled for another condition in and of itself.

When Disability results from alcohol, drug or chemical abuse, dependency, or addiction, a Mental Health Condition or a Special Condition, a *Participant's* maximum number of Benefits Payable for all such periods of Disability is limited to 24 months. This is not a separate maximum for each such condition, or for each period of Disability, but a combined lifetime maximum for all periods of Disability and for all of these conditions, either separate or combined.

However, if at the end of that 24 months, the *Participant* is confined in a Hospital or other facility qualified to provide necessary care and treatment for alcohol, drug or chemical abuse, dependency, or addiction, a Mental Health Condition or a Special Condition, then the Benefit Payment Period may be extended to include the time during which the *Participant* remains confined.

Benefits will be payable for the length of the confinement and for up to 60 days following the end of the confinement. If the *Participant* is Hospital confined again during the 60-day period for at least ten consecutive days, benefits will be payable for the length of the second confinement and for up to 60 days following the end of the second confinement.

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Section O

Limitations

Article 1 - Limitations

No benefits will be paid for any Disability that:

- a. results from willful self-injury, while sane or insane; or
- b. results from war or act of war; or
- c. results from participation in an assault or felony; or
- d. is a new Disability that begins after a prior Benefit Payment Period has ended and the *Participant* has not returned to Active Work; or
- e. is a continuation of a Disability for which a Benefit Payment Period has ended and the *Participant* has not returned to Active Work (except as provided for a Recurring Disability in this PART IV, Section M, Article 2); or
- f. is caused by, a complication of, or resulting from a Preexisting Condition as described in this Group Policy.

Article 2 - Preexisting Conditions Exclusion for Initial Coverage

A Preexisting Condition is any sickness or injury, including all related conditions and complications, or pregnancy, for which a *Participant*:

- a. received medical treatment, consultation, care, or services; or
- b. was prescribed or took prescription medications;

[14]

in the [*three month*] period before he or she became insured under the Group Policy.

[15]

No benefits will be paid for a Disability that results from a Preexisting Condition unless, on the date the *Participant* becomes Disabled, he or she has been Actively at Work for one full day after completing [*12 consecutive months*] during which the *Participant* was insured under the Group Policy.

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Article 3 - Preexisting Conditions Exclusion for Benefit Increases

A Preexisting Condition is any sickness or injury, including all related conditions and complications, or pregnancy, for which a *Participant*:

- a. received medical treatment, consultation, care, or services; or
- b. was prescribed or took prescription medications;

[14]

in the [*three month*] period prior to an increase in benefits or change in the Group Policy, including increases in benefits due to a change in Monthly Earnings of 25% or greater.

The benefits and the Group Policy provisions in force immediately prior to the increase or change will be payable for the duration of a Disability that:

- a. results from a Preexisting Condition; and
- b. begins within 12 months after the effective date of the increase in benefits or change in the Group Policy provisions.

Article 4 - Replacement of a Prior Plan

a. Applicability

When insurance under this Group Policy replaces coverage under a Prior Plan, this article may apply to a *Participant* who is eligible and enrolled under this Group Policy, and:

- (1) is not Actively at Work when his or her coverage would otherwise become effective;
or
- (2) becomes Disabled due to a Preexisting Condition.

b. Benefit Eligibility

A *Participant* will qualify for the benefit provided by this article if all of the following apply:

- (1) The *Participant* had Long Term Disability coverage under a Prior Plan, which terminated on the date immediately preceding the date the *Participant* became eligible under this Group Policy.
- (2) The *Participant* is not receiving any benefits under the Prior Plan but would have been entitled to benefits had the Prior Plan remained in force.
- (3) No provision other than the Actively at Work or the Preexisting Condition provision(s) would prohibit benefits being paid to the *Participant* under this Group Policy.

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c. Benefits Payable

The benefits payable, if any, under this article, will be the lesser of the benefits of this Group Policy or the benefits that would have been paid under the Prior Plan had it remained in force. No benefits will be paid for:

- (1) any Disability that occurs before the Date of Issue of this Group Policy; or
- (2) any Disability for which benefits would have been paid under the Prior Plan in the absence of this section.

Prior Plan

The Group Long Term Disability coverage of either:

- a. the Policyholder; or
- b. a business entity which has been obtained by the Policyholder through a merger or acquisition;

for which this Group Policy is a replacement.

PART IV - BENEFITS

PART IV - BENEFITS

Section Q

Claim Procedures

Article 1 - Notice of Claim

Written notice must be sent to The Principal by or for a *Participant* who wishes to file claim for benefits under this Group Policy. This notice must be sent within three months after the date of loss for which claim is being made. Failure to give notice within the time specified will not invalidate or reduce any claim if notice is given as soon as reasonably possible.

Article 2 - Claim Forms

The Principal, when it receives notice of claim, will provide appropriate claim forms for filing proof of Disability. If the forms are not provided within 15 days after The Principal receives notice of claim, the person will be considered to have complied with the requirements of the Group Policy regarding proof of Disability upon submitting, within the time specified below for filing proof of Disability, Written proof covering the occurrence, character, and extent of the loss.

Article 3 - Proof of Disability

Written proof that Disability exists and has been continuous must be sent to The Principal within six months after the date a *Participant* completes an Elimination Period. Proof required includes the date, nature, and extent of loss. Further proof that Disability has not ended must be sent when requested by The Principal. The Principal may request additional information to substantiate loss or require a Signed unaltered authorization to obtain that information from the provider. The Principal reserves the right to determine when these conditions are met. Failure to comply with the request of The Principal could result in declination of the claim. For purposes of satisfying the claims processing timing requirements of the Employee Retirement Income Security Act (ERISA), receipt of claim will be considered to be met when the Elimination Period has been completed and the appropriate claim form is received by The Principal.

Article 4 - Proof of Disability while outside the United States

If during a period of Disability, the *Participant* is residing or staying outside the United States, the following will apply:

- a. Any evidence the *Participant* submits for his or her claim will be required to be translated by the U.S. Embassy and contain the U.S. Embassy seal.

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- b. The *Participant* may be required to return to the United States at a frequency The Principal deems necessary to substantiate his or her claim for Disability. All expenses incurred by the *Participant* for returning to the United States will be his or her responsibility.
- c. The *Participant* must notify The Principal in advance of any return to the United States and his or her change of address.

Failure to comply with the request of The Principal could result in declination of the claim. For purposes of satisfying the claims processing timing requirements of the Employee Retirement Income Security Act (ERISA), receipt of claim will be considered to be met when the Elimination Period has been completed and the appropriate claim form is received by The Principal.

Article 5 - Payment, Denial, and Review

ERISA permits up to 45 days from receipt of claim for processing the claim. If a claim cannot be processed due to incomplete information, The Principal will send a Written explanation prior to the expiration of the 45 days. The claimant is then allowed up to 45 days to provide all additional information requested. The Principal is permitted two 30-day extensions for processing an incomplete claim. Written notification will be sent to the claimant regarding the extension.

In actual practice, benefits under this Group Policy will be payable sooner, provided The Principal received complete and proper proof of Disability. Further, if a claim is not payable or cannot be processed, The Principal will submit a detailed explanation of the basis for its denial.

A claimant may request an appeal of a claim denial by Written request to The Principal within 180 days of receipt of notice of the denial. The Principal will make a full and fair review of the claim. The Principal may require additional information to make the review. The Principal will notify the claimant in Writing of the appeal decision within 45 days after receipt of the appeal request. If the appeal cannot be processed within the 45-day period because The Principal did not receive the requested additional information, The Principal is permitted a 45-day extension for the review. Written notification will be sent to the claimant regarding the extension. After exhaustion of the formal appeal process, the claimant may request an additional appeal. However, this appeal is voluntary and does not need to be filed before asserting rights to legal action.

For purposes of this section, "claimant" means *Participant*.

Article 6 - Report of Payments from Other Income Sources

When asked, a *Participant* must give The Principal:

PART IV - BENEFITS

- a. a report of all payments from Other Income Sources; and
- b. proof of application for all such income for which the *Participant* and the *Participant's* Dependents are eligible; and
- c. proof that any application for such income has been rejected.

Article 7 - Lump Sum Payments from Other Income Sources

If any income from Other Income Sources are payable in a lump sum (except as described below), the lump sum will be deemed to be paid in monthly amounts prorated over the time stated. If no such time is stated, the lump sum will be prorated monthly over the expected life span of the *Participant*. The Principal will determine the expected life span.

Lump Sum Payments under:

- a. a retirement plan will be deemed to be paid in the monthly amount which:
 - (1) is provided by the standard annuity option under the plan as identified by the Policyholder; or
 - (2) is prorated under a standard annuity table over the expected life span of the *Participant* (if the plan does not have a standard annuity option);
- b. a Workers' Compensation Act or other similar law (which includes benefits paid under an award or a settlement) will be deemed to be paid monthly:
 - (1) at the rate stated in the award or settlement; or
 - (2) at the rate paid prior to the lump sum (if no rate is stated in the award or settlement); or
 - (3) at the maximum rate set by the law (if no rate is stated and the *Participant* did not receive a periodic award).

Article 8 - Social Security Estimates

Until exact amounts are known, The Principal may estimate the Social Security benefits for which a *Participant* and his or her Dependents are eligible and may include those estimates in the *Participant's* Other Income Sources.

If it is reasonable that the *Participant* would be entitled to disability benefits under the Federal Social Security Act, The Principal will require that the *Participant*:

- a. apply for disability benefits within ten days after receipt of Written notice from The Principal requesting the *Participant* to apply for such benefits; and

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- b. give satisfactory proof within 30 days after receipt of Written notice from The Principal that the *Participant* has applied for these benefits within the ten-day period; and
- c. request reconsideration of the application for Social Security benefits if the original application is denied, and appeal any denial or reconsideration if an appeal appears reasonable.

Article 9 - Workers' Compensation Estimates

Until exact amounts are known, The Principal may estimate the Workers' Compensation benefits for which a *Participant* is eligible and may include those estimates in the *Participant's* Other Income Sources.

If it is reasonable that the *Participant* would be entitled to benefits under a Workers' Compensation Act or a similar law, The Principal will require that the *Participant*:

- a. apply for benefits within ten days after receipt of Written notice from The Principal requesting the *Participant* to apply for such benefits; and
- b. give satisfactory proof within 30 days after receipt of Written notice from The Principal that the *Participant* has applied for these benefits within the ten-day period.

Article 10 - Payments for Less Than a Full Month

The Benefit Payable for each day of any part of a Benefit Payment Period that is less than a full month will be the monthly benefit divided by 30.

Article 11 - Right to Recover Overpayments

If an overpayment of benefits occurs under this Group Policy, The Principal will have the option to:

- a. reduce or withhold any future benefits The Principal determines to be due, including the Minimum Monthly Benefit; or
- b. recover the overpayment directly from the *Participant*; or
- c. take any other legal action.

PART IV - BENEFITS

Article 12 - Facility of Payment

Benefits under this Group Policy will be payable at the end of each month of a Benefit Payment Period, provided complete and proper proof of Disability has been received by The Principal.

The Principal reserves the right to offer a lump sum payment in lieu of continued monthly payments where liability has been established for a Benefit Payment Period if the *Participant* and The Principal agree.

Any unpaid balance that remains after a Benefit Payment Period ceases will be immediately payable.

The Principal will normally pay benefits directly to the *Participant*. However, in the special instances listed below, payment will be as indicated. All payments so made will discharge The Principal to the full extent of those payments.

- a. If payment amounts remain due upon a *Participant's* death, those amounts may, at the option of The Principal, be paid to the *Participant's* spouse, child, parent, or estate.
- b. If The Principal believes a person is not legally able to give a valid receipt for a benefit payment, and no guardian has been appointed, The Principal may pay whoever has assumed the care and support of the person. Any payment due a minor will be at the rate of not more than \$200 a month.

Article 13 - Medical Examinations and Evaluations

The Principal may require a *Participant* to be examined by a Physician, or undergo an evaluation, at reasonable intervals, during the course of a claim. The Principal will pay for these examinations and evaluations and will choose the Physician or evaluator to perform them. Failure to attend a medical examination or cooperate with the Physician may be cause for suspension or denial of the *Participant's* benefits. Failure to attend an evaluation or to cooperate with the evaluator may also be cause for suspension or denial of the *Participant's* benefits. If the *Participant* fails to attend an examination or an evaluation, any charges incurred for not attending an appointment as scheduled may be his or her responsibility.

Article 14 - Legal Action

Legal action to recover benefits under this Group Policy may not be started earlier than 90 days after required proof of Disability has been filed and before the appeal procedures have been exhausted. Further, no legal action may be started later than three years after that proof is required to be filed.

PART IV - BENEFITS

Article 15 - Time Limits

Any time limits listed in this section will be adjusted as required by law.

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POLICY NOTICE

Arkansas insurance law requires each Group Policy covering Arkansas residents to include the address and telephone number of: (1) the insurance company issuing the Group Policy, and (2) the Arkansas Insurance Department. The information is as follows:

- (1) Principal Life Insurance Company
711 High Street
Des Moines, Iowa 50392-0001

For Disability claim-related inquiries:
Attention: Group Claim - Disability Info Line Services
Telephone: 1-800-245-1522

For administration-related inquiries:
Attn: Group Call Center
Telephone: 1-800-843-1371

- (2) Arkansas Insurance Department
Consumer Services Division
1200 West Third Street
Little Rock, Arkansas 72201-1904
Telephone: (501) 371-2640

Toll-free Telephone Number: 1-800-852-5494

This Notice is for the Policyholder's information only and does not become a part or condition of this Group Policy.

Your insurance has been designed to provide financial help for you when a covered loss occurs. This plan has chosen benefits provided by a Group Policy issued by *Principal Life Insurance Company (Principal Life)*. To the extent that benefits are provided by the Group Policy, the administration and payment of claims will be done by *Principal Life* as an insurer.

Participants rights and benefits are determined by the provisions of the Group Policy. This booklet-*certificate* briefly describes those rights and benefits. It outlines what you must do to be insured. It explains how to file claims. It is your certificate while you are insured.

The effective date of your insurance is as shown on your enrollment card.

THIS BOOKLET-*CERTIFICATE* REPLACES ANY PRIOR BOOKLET-*CERTIFICATE* THAT YOU MAY HAVE RECEIVED. If you have any questions about this new booklet-*certificate*, please contact your employer. In the event of future plan changes, you will be provided with a new booklet-*certificate* or a booklet-*certificate* rider.

If you have an electronic booklet-*certificate*, paper copies of this booklet-*certificate* are also available. Please contact your Policyholder if you would like to request a paper copy.

PLEASE READ YOUR BOOKLET-*CERTIFICATE* CAREFULLY. *Principal Life* suggests that you start with a review of the terms listed in the DEFINITIONS Section (at the back of the booklet-*certificate*). The meanings of these terms will help you understand the insurance.

The group insurance policy and your coverage under the Group Policy may be discontinued or altered by the Policyholder or *Principal Life* at any time without your consent.

Principal Life reserves complete discretion to construe or interpret the provisions of this group insurance, to determine eligibility for benefits, and to determine the type and extent of benefits, if any, to be provided. *Principal Life* decisions in such matters will be controlling, binding, and final as between *Principal Life* and persons covered by this group insurance, subject to the Claim Procedures shown on page GH 823 of this booklet-*certificate*.

The insurance provided in this booklet-*certificate* is subject to the laws of the state of ARKANSAS.

PRINCIPAL LIFE
INSURANCE COMPANY
Des Moines, IA 50392-0001

INTRODUCTION

Dillard's Inc. has established the Dillard's Inc. Long Term Disability Plan (the "Plan") for its Salaried Employees who earn less than the Social Security Taxable Wage Base at the beginning of the Plan Year as determined by the Plan Administrator. The Plan provides eligible Employees long term disability benefits as described in this Summary Plan Description (hereinafter may be referred to as the "Summary Plan Description", "Booklet-Certificate", or "SPD"). Plan Participants who have elected to participate in the Plan will receive long term disability benefits on the terms and conditions described in the Plan, and as summarized in this Summary Plan Description.

The Plan described is designed to provide Plan Participants with certain long term disability benefits. Plan Participants are required to contribute towards their benefits.

This document represents the Summary Plan Description which is effective June 1, 2006. The Summary Plan Description is to set forth the terms and provisions of the Plan. This Summary Plan Description is applicable only to those Plan Participants who have elected to participate in the Plan during the enrollment of the Plan.

The purpose of this Summary Plan Description is to set forth the terms and provisions of the Plan. This Summary Plan Description is also incorporated and made a part of the Plan. No oral interpretation can change this Summary Plan Description of the Plan.

Coverage under the Plan will take effect for an eligible Employee when the eligible Employee satisfies all the eligibility requirements of the Plan.

The Employer fully intends to maintain this Plan indefinitely. However, it reserves the right to terminate, suspend, discontinue or amend the Plan at any time and for any reason.

Changes in the Plan may occur in any or all parts of the Plan including contributions, benefit coverage, limitations, definition, eligibility and the like.

Failure to follow the eligibility or enrollment requirements of this Plan may result in the delay of coverage or no coverage at all.

No action at law or in equity shall be brought to recover under any section of this Plan until the Plan Participant has exhausted all administrative claims procedures under the Plan. The Claims Provisions of this Summary Plan Description describe the claims procedures under the Plan.

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LONG TERM DISABILITY INSURANCE SUMMARY

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Who Pays for Coverage	You are required to pay a part of the premium for insurance under the Group Policy.	
Elimination Period	The greater of salary continuance or [90 days]	
Own Occupation Period	[two] years	
Primary Monthly Benefit	[60%] of your Predisability Earnings.	
Maximum Monthly Benefit	[\$6,000]	
Minimum Monthly Benefit	the greater of [10%] of your Primary Monthly Benefit or [\$100]	
Maximum Benefit Payment Period	Participant's Age on The Date Disability Begins Before age 65 65-67 68-69 70-71 72 and over	Months of the Benefit Payment Period greater of 36 Months or to Social Security Normal Retirement Age 24 months 18 months 15 months 12 months
Rehabilitation Services and Benefits		
Rehabilitation Services	Included	
Predisability Intervention Services	Included	
Rehabilitation Incentive Benefit	[5%]	
Reasonable Accommodation Benefit	[\$2,000]	
Other Coverage Features		
Work Incentive Benefit	[24] months	
Survivor Benefit	[three] times Primary Monthly Benefit	
NOTE:		
No premiums are required during a Long Term Disability Benefit Payment Period.		
Benefits may be reduced by other sources of income and disability earnings.		
Some disabilities may not be covered or may be limited under this insurance.		

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Who Pays for Coverage	You are required to pay the entire premium for insurance under the Group Policy.	
Elimination Period	<i>the greater of salary continuance or [90 days]</i>	
Own Occupation Period	to Social Security Normal Retirement Age with Residual Disability	
Primary Monthly Benefit	<i>[60%] of your Predisability Earnings.</i>	

Maximum Monthly Benefit	<i>[\$25,000]</i>												
Minimum Monthly Benefit	the greater of <i>[10%]</i> of your Primary Monthly Benefit or <i>[\$100]</i>												
Maximum Benefit Payment Period	<table> <tr> <td><i>Participant's Age on The Date Disability Begins</i></td><td>Months of the Benefit Payment Period</td></tr> <tr> <td>Before age 65</td><td>greater of 36 Months or to Social Security Normal Retirement Age</td></tr> <tr> <td>65-67</td><td>24 months</td></tr> <tr> <td>68-69</td><td>18 months</td></tr> <tr> <td>70-71</td><td>15 months</td></tr> <tr> <td>72 and over</td><td>12 months</td></tr> </table>	<i>Participant's Age on The Date Disability Begins</i>	Months of the Benefit Payment Period	Before age 65	greater of 36 Months or to Social Security Normal Retirement Age	65-67	24 months	68-69	18 months	70-71	15 months	72 and over	12 months
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72 and over	12 months												
Rehabilitation Services and Benefits													
Rehabilitation Services	Included												
Predisability Intervention Services	Included												
Rehabilitation Incentive Benefit	<i>[10%]</i>												
Reasonable Accommodation Benefit	<i>[\$2,000]</i>												
Other Coverage Features													
Work Incentive Benefit	<i>[24]</i> months												
Survivor Benefit	<i>[three]</i> times Primary Monthly Benefit												
<p>NOTE:</p> <p>No premiums are required during a Long Term Disability Benefit Payment Period.</p> <p>Benefits may be reduced by other sources of income and disability earnings.</p> <p>Some disabilities may not be covered or may be limited under this insurance.</p>													

H35979

Who Pays for Coverage	You are required to pay the entire premium for insurance under the Group Policy.				
Elimination Period	<i>the greater of salary continuance or [90 days]</i>				
Own Occupation Period	to Social Security Normal Retirement Age with Residual Disability				
Primary Monthly Benefit	<i>[60%]</i> of your Predisability Earnings.				
Maximum Monthly Benefit	<i>[\$15,000]</i>				
Minimum Monthly Benefit	the greater of <i>[10%]</i> of your Primary Monthly Benefit or <i>[\$100]</i>				
Maximum Benefit Payment Period	<table> <tr> <td><i>Participant's Age on The Date Disability Begins</i></td><td>Months of the Benefit Payment Period</td></tr> <tr> <td>Before age 65</td><td>greater of 36 Months or to Social</td></tr> </table>	<i>Participant's Age on The Date Disability Begins</i>	Months of the Benefit Payment Period	Before age 65	greater of 36 Months or to Social
<i>Participant's Age on The Date Disability Begins</i>	Months of the Benefit Payment Period				
Before age 65	greater of 36 Months or to Social				

		Security Normal Retirement Age
	65-67	24 months
	68-69	18 months
	70-71	15 months
	72 and over	12 months
Rehabilitation Services and Benefits		
Rehabilitation Services	Included	
Predisability Intervention Services	Included	
Rehabilitation Incentive Benefit	[10%]	
Reasonable Accommodation Benefit	[\$2,000]	
Other Coverage Features		
Work Incentive Benefit	[24] months	
Survivor Benefit	[three] times	Primary Monthly Benefit
NOTE:		
No premiums are required during a Long Term Disability Benefit Payment Period.		
Benefits may be reduced by other sources of income and disability earnings.		
Some disabilities may not be covered or may be limited under this insurance.		

This summary provides only highlights of the Group Policy. The entire Group Policy determines all rights, benefits, exclusions and limitations of the insurance described above.

HOW TO BE INSURED LONG TERM DISABILITY INSURANCE

Eligibility and Individual Incontestability

Eligibility

You will be eligible for insurance on the later of:

- a. June 1, 2006, if you are a Participant on that date; or*
- b. the 1st day of the month following meeting eligibility and enrolling. Eligibility will be determined by Dillard's.*

Individual Incontestability

All statements made by any person insured will be representations and not warranties. In the absence of fraud, these statements may not be used to contest the *Participant's* coverage unless:

- a. the insurance has been in force for less than two years during the Participant's lifetime; and*
- b. the statement is in Written form Signed by the Participant; and*
- c. a copy of the form which contains the statement is given to the Participant or the Participant's beneficiary at the time insurance is contested.*

However, the above will not preclude the assertion at any time of defenses based upon the person's not being eligible for insurance under the Group Policy or upon other provisions of the Group Policy.

In addition, if a person's age is misstated, *Principal Life* may, at any time, adjust premiums and benefits to reflect the correct age.

Principal Life may, at any time, terminate a *Participant's* eligibility under the Group Policy in Writing and with 31 day notice:

- a. if the individual submits any claim that contains false or fraudulent elements under state or federal law;*
- b. upon finding in a civil or criminal case that a Participant has submitted claims that contain false or fraudulent elements under state or federal law;*
- c. when a Participant has submitted a claim which, in good faith judgment and investigation, a Participant knew or should have known, contains false or fraudulent elements under state or federal law.*

HOW TO BE INSURED LONG TERM DISABILITY INSURANCE

Effective Dates

Actively at Work

Your effective date for Long Term Disability Insurance will be as explained in this booklet-*certificate*, if you are Actively at Work on that date. If you are not Actively at Work on the date insurance would otherwise be effective, such insurance will not be in force until the day of return to Active Work.

Effective Date for Contributory Insurance

If you are to contribute a part of premium, insurance must be requested in a form provided by *Principal Life*. Unless Proof of Good Health is required, the requested insurance will be in force on:

- a. the date you are eligible, if the request is made on or before that date; or
- b. the first of the Insurance Month coinciding with or next following the date of your request, if the request is made within 30 days after the date you are eligible.

If the request is made more than 30 days after the date you are eligible, Proof of Good Health will be required before insurance can be in force.

Effective Date When Proof of Good Health is Required

Insurance for which Proof of Good Health is required will be in force on the later of:

- a. the date insurance would have been effective if Proof of Good Health had not been required; or
- b. the first of the Insurance Month coinciding with or next following the date Proof of Good Health is approved by *Principal Life*.

Proof of Good Health Requirements

The type and form of required Proof of Good Health will be determined by *Principal Life*. You must submit Proof of Good Health:

- a. If insurance for which you contribute a part of premium is requested more than 30 days after the date you are eligible.
- b. If you have failed to provide required Proof of Good Health or have been refused insurance under the Group Policy at any prior time.
- c. If you elect to terminate insurance and, more than 30 days later, request to be insured again.
- d. If, on the date you become eligible, fewer than ten *Participants* are insured.
- e. If, on the date you become eligible for any increase or additional Benefit Payable amount, fewer than ten *Participants* are insured.

Effective Date for Benefit Changes Due to a Change in Monthly Earnings

Unless Proof of Good Health is required (see above), a change in Benefit Payable amount because of a change in your Monthly Earnings will normally be effective on the *June 1st* that next follows the date of change. However, if you are not Actively at Work on the date a Benefit Payable change would otherwise be effective, the Benefit Payable change will not be in force until the date you return to Active Work.

Effective Date for Benefit Changes Due to a Change in Insurance Class

Unless Proof of Good Health is required (see above), a change in Benefit Payable amount because of a change in your insurance class will normally be effective on the Policy Anniversary that next follows the date of change. However, if you are not Actively at Work on the date a Benefit Payable change would otherwise be effective, the Benefit Payable change will not be in force until the date you return to Active Work.

Effective Date for Benefit Changes - Change by Policy Amendment or Endorsement

Unless Proof of Good Health is required (see above), a change in amount of your Benefit Payable because of a change in the Benefit Payable by amendment or endorsement to the Group Policy will be effective on the date of change. However, if you are not Actively at Work on the date a Benefit Payable change would otherwise be effective, the Benefit Payable change will not be in force until the date you return to Active Work.

HOW TO BE INSURED LONG TERM DISABILITY INSURANCE

Termination, Continuation, and Reinstatement

Termination of Insurance

Your insurance will terminate on the earliest of:

- a. the date the Group Policy is terminated; or
- b. the end of the Insurance Month for which the last premium is paid for your insurance; or
- c. for contributory insurance, the end of any Insurance Month if requested by you before that date; or
- d. the end of the Insurance Month in which you cease to be a *Participant* as defined; or
- e. the end of the Insurance Month in which you cease to be in a class for which *Participant* Insurance is provided; or
- f. the end of the Insurance Month in which you cease Active Work except as provided below.

Termination of insurance for any reason described above will not affect your rights to benefits, if any, for a Disability that begins while your insurance is in force under the Group Policy. You are considered to be continuously Disabled if you are Disabled from one condition and, while still Disabled from that condition, incur another condition that causes Disability.

Continuation

You may qualify to have your insurance continued under one or more of the continuation provisions below. If you qualify for continuation under more than one provision, the longest period of continuation will be applied, and all periods of continuation will run concurrently.

Continuation and Reinstatement - Sickness, Injury, or Pregnancy

If you cease Active Work due to sickness, injury, or pregnancy, your insurance can be continued subject to payment of premium, until the earliest of:

- a. the date insurance would otherwise terminate as provided in items a. through e. above; or
- b. the end of the Insurance Month in which you recover; or
- c. the date *the greater of salary continuance or [90 days]* after Active Work ends.

If a Benefit Payment Period is established, your insurance will be reinstated if you return to Active Work for the Policyholder within six months of the date the Benefit Payment Period ends. Your reinstated insurance will be in force on the date of return to Active Work.

If you do not qualify to have a Benefit Payment Period begin, insurance will be reinstated if you return to Active Work for the Policyholder within six months of the date insurance ceased. Your reinstated insurance will be in force on the date of return to Active Work.

Proof of Good Health will be required to place in force any Benefit Payable that would have been subject to Proof of Good Health had you remained continuously insured.

Continuation and Reinstatement - Layoff or Leave of Absence

If you cease Active Work due to layoff or leave of absence, your insurance can be continued, subject to premium payment, until the earlier of:

- a. the date insurance would otherwise terminate as provided in items a. through e. above; or
- b. the end of the Insurance Month in which Active Work ends.

Your insurance will be reinstated if you return to Active Work for the Policyholder within six months of the date insurance ceased. Your reinstated insurance will be in force on the date of return to Active Work.

A longer reinstatement period may be allowed for an approved leave of absence taken in accordance with the provisions of the federal law regarding Uniform Services Employment and Reemployment Rights Act of 1994 (USERRA).

Proof of Good Health will be required to place in force any Benefit Payable that would have been subject to Proof of Good Health had you remained continuously insured.

Continuation and Reinstatement - Family and Medical Leave Act (FMLA)

If you cease Active Work due to an approved leave of absence under FMLA, the Policyholder may choose to continue your insurance, subject to premium payment, until the date 12 weeks after Active Work ends.

Your terminated insurance may be reinstated in accordance with the provisions of FMLA.

Termination of Coverage Due to Failing to Continue to Meet Dillard's Eligibility

Your coverage will terminate on the 1st day of new benefit quarter following two consecutive benefit quarters where you did not work the average number of hours to maintain eligibility as defined by Dillard's and determined by Dillard's accounting calendar.

DESCRIPTION OF BENEFITS

Benefit Qualification

You will qualify for Disability benefits, if all of the following apply:

- a. You are Disabled under the terms of the Group Policy.
- b. Your Disability begins while you are insured under the Group Policy.
- c. Your Disability is not subject to any of the Limitations listed in this booklet-*certificate*.
- d. An Elimination Period of *the greater of salary continuance or [90 days]* is completed.
- e. A Benefit Payment Period is established.
- f. You are under the Regular and Appropriate Care of a Physician.
- g. The claim requirements listed in the CLAIM PROCEDURES Section are satisfied.

A Benefit Payment Period will be established on the latest of:

- a. the date you complete an Elimination Period; or
- b. the date six months before The Principal receives Written proof of your Disability.

NOTE: No premiums are required during a Long Term Disability Benefit Payment Period.

Disability; Disabled *H35922*

You will be considered Disabled if, solely and directly because of sickness, injury, or pregnancy:

During the Elimination Period and the Own Occupation Period, one of the following applies:

- a. You cannot perform the majority of the Substantial and Material Duties of your Own Occupation.
- b. You are performing the duties of your Own Occupation on a Modified Basis or any occupation and are unable to earn more than *[80%]* of your Indexed Predisability Earnings.

After completing the Elimination Period and the Own Occupation Period, one of the following applies:

- a. You cannot perform the majority of the Substantial and Material Duties of any occupation for which you are or may reasonably become qualified based on education, training, or experience.
- b. You are performing the Substantial and Material Duties of your Own Occupation or any occupation on a Modified Basis and are unable to earn more than [80%] of your Indexed Predisability Earnings.

The loss of a professional or occupational license or certification does not, in itself, constitute a Disability.

Disability; Disabled *H35978 & H35979*

You will be considered Disabled if, solely and directly because of sickness, injury, or pregnancy:

During the Elimination Period and Benefit Payment Period, one of the following applies:

- a. You cannot perform the majority of the Substantial and Material Duties of your Own Occupation.
- b. You are performing the duties of your Own Occupation on a Modified Basis or any occupation and are unable to earn more than [80%] of your Indexed Predisability Earnings.

The loss of a professional or occupational license or certification does not, in itself, constitute a Disability.

Elimination Period

The period of time you must be Disabled before benefits begin to accrue. An Elimination Period starts on the date you are Disabled and must be satisfied for each period of Disability. If you are in the process of satisfying the Elimination Period, you may recover from the Disability for a period of time and then again become Disabled from the same or a different cause. A recovery will not require you to start a new Elimination Period as long as the Elimination Period is satisfied by the required number of days of Disability during a period that is twice as long as the Elimination Period. The periods of Disability will be combined to satisfy the Elimination Period.

Own Occupation Period *H35922*

The first [two] year(s) of the Benefit Payment Period.

Benefit Payment Period

The period of time during which benefits are payable.

Substantial and Material Duties

The essential tasks generally required by employers from those engaged in a particular occupation that cannot be modified or omitted.

Own Occupation

The occupation you are routinely performing for the Policyholder when your Disability begins.

Modified Basis

You will be considered working on a Modified Basis if you are working on either a part-time basis or performing some but not all of the Substantial and Material Duties of the occupation on a full-time basis.

DESCRIPTION OF BENEFITS

Benefits Payable

If you are not working during a period of Disability

Your Benefit Payable for each full month of a Benefit Payment Period will be your Primary Monthly Benefit less Other Income Sources.

If you are working during a period of Disability

Your work incentive Benefit Payable for each full month of a Benefit Payment Period will be:

- a. For the first [24] months, the lesser of:
 - (1) 100% of Indexed Predisability Earnings less Other Income Sources, less Current Earnings from your Own Occupation or any occupation; or
 - (2) the Primary Monthly Benefit less Other Income Sources; and
- b. Thereafter, your Primary Monthly Benefit less Other Income Sources, multiplied by your Income Loss Percentage.

On each March 1, following the date you become Disabled, your Predisability Earnings will be increased by the average rate of increase in the Consumer Price Index during the preceding calendar year, subject to an annual maximum of 10%.

If you have been Disabled for less than one year as of March 1, the amount of the increase will be multiplied by the ratio of:

- a. the number of completed months of Disability as of March 1;
- b. divided by 12 months.

Consumer Price Index means the U.S. City Average for Urban Consumers, All Items, as published in the Consumer Price Index by the United States Department of Labor for the preceding calendar year.

Primary Monthly Benefit *H35922*

[60%] of your Predisability Earnings. The Primary Monthly Benefit will not exceed the Maximum Monthly Benefit of [\$6,000].

Primary Monthly Benefit *H35978*

[60%] of your Predisability Earnings. The Primary Monthly Benefit will not exceed the Maximum Monthly Benefit of [\$25,000].

Primary Monthly Benefit *H35979*

[60%] of your Predisability Earnings. The Primary Monthly Benefit will not exceed the Maximum Monthly Benefit of [\$15,000].

Predisability Earnings

Your Monthly Earnings in effect prior to the date Disability begins.

Indexed Predisability Earnings

Your Predisability Earnings adjusted for increases in the Consumer Price Index.

Income Loss Percentage

Your Income Loss Percentage is equal to:

- a. your Indexed Predisability Earnings less any Current Earnings from your Own Occupation or any occupation; divided by
- b. your Indexed Predisability Earnings.

Current Earnings

Your Monthly Earnings for each month you are Disabled. While Disabled, your Monthly Earnings may result from working for the Policyholder or any other employer.

Monthly Earnings

For *Participants* with no ownership interest in the business entity of the Policyholder:

On any date, your basic monthly (or monthly equivalent) wage then in force, as established by the Policyholder. Basic wage does not include tips, differential pay, housing and/or car allowance, or overtime pay. Basic wage does include commissions, bonuses, and any deferred earnings under a qualified deferred compensation plan, such as contributions to Internal Revenue Code Section 401(k), 403(b), or 457 deferred compensation arrangements and any amount of voluntary earnings reduction under a qualified Section 125 Cafeteria Plan.

Commissions and bonuses will be averaged for:

- a. the *one calendar* year period prior to the date Disability begins, if the *Participant* has been employed for at least one calendar year(s); or
- b. the completed months of employment prior to the date Disability begins, if the *Participant* has been employed for less than one calendar year(s).

For the purposes of benefit calculation and premium remittance, this amount will be rounded (up for life and down for STD and LTD) to the next (higher or lower) \$1,000.

For *Participants* with ownership interest in the business entity of the Policyholder, such as an owner of a sole proprietorship, a partner in a partnership, a shareholder of a corporation or subchapter S-corporation, or a member of a limited liability company or limited liability partnership, Monthly Earnings on any date are based on an average of the following earnings as reported for Federal Income Tax purposes for the last two calendar year(s), assuming the owner meets all eligibility requirements:

- a. your share (based on ownership or contractual agreement) of the gross revenue or income earned by the Policyholder, including income earned by you and others under your supervision or direction; less
- b. your share (based on ownership or contractual agreement) of the usual and customary unreimbursed business expenses of the Policyholder which are incurred on a regular basis, are essential to the established business operation of the Policyholder, are deductible for Federal Income Tax purposes, and do not exceed the expenses before Disability began; plus
- c. the salary, benefits, and other forms of compensation which are payable to you, and any contributions to a pension or profit sharing plan made on your behalf by the Policyholder.

Monthly Earnings do not include any form of unearned income such as dividends, rent, interest, capital gains, income received from any form of deferred compensation, retirement, pension plan, income from royalties, or disability benefits.

Other Income Sources *H35922 & H35979*

- a. all disability payments for the month that you and your Dependents receive (or would have received if complete and timely application had been made) under the Federal Social Security Act, Railroad Retirement Act, or any similar act of any federal, state, provincial, municipal, or other governmental agency; and
- b. if you have reached Social Security Normal Retirement Age or older, all retirement payments for the month that you and your Dependents receive (or would have received if complete and timely application had been made) under the Federal Social Security Act, Railroad Retirement Act, or any similar act of any federal, state, provincial, municipal, or other governmental agency; and
- c. if you are less than Social Security Normal Retirement Age, all retirement payments for the month that you and your Dependents receive under the Federal Social Security Act, Railroad Retirement Act, or any similar act of any federal, state, provincial, municipal, or other governmental agency; and

- d. all payments for the month that you receive from a permanent or temporary award or settlement under a Workers' Compensation Act, or other similar law, whether or not liability is admitted. Payments that are specifically set out in an award or settlement as medical benefits, rehabilitation benefits, income benefits for fatal injuries or income benefits for scheduled injuries involving loss or loss of use of specific body members will not be considered an Other Income Source; and
- e. all payments for the month that you receive (or would have received if complete and timely application had been made) under a policy that provides benefits for loss of time from work, if the Policyholder pays a part of the cost or makes payroll deductions for that coverage; and
- f. all payments for the month that you receive or are eligible to receive under another group disability insurance policy; and
- g. all payments for the month that you receive under any state disability plan; and
- h. all sick pay, salary continuance payments, personal time off, severance pay, for the month that you receive from the Policyholder; and
- i. all retirement payments attributable to employer contributions and all disability payments attributable to employer contributions for the month that you receive under a pension plan sponsored by the Policyholder. A pension plan is a defined benefit plan or defined contribution plan providing disability or retirement benefits for employees. A pension plan does not include a profit sharing plan, a thrift savings plan, a nonqualified deferred compensation plan, a plan under Internal Revenue Code Section 401(k) or 457, an Individual Retirement Account (IRA), a Tax Deferred Sheltered Annuity (TSA) under Internal Revenue Code Section 403(b), a stock ownership plan, or a Keogh (HR-10) plan with respect to partners; and
- j. all payments for the month that you receive for loss of income under no-fault auto laws. Supplemental disability benefits purchased under a no-fault law will not be counted; and
- k. all renewal commissions for the month that you receive from the Policyholder.

NOTE: If any sick pay, salary continuance payments, personal time off, severance pay, or loss of time from work payments specified above are attributable to individual disability insurance policies, the payments will not be considered an Other Income Source.

Any retirement payments you receive under the Federal Social Security Act or a pension plan which you had been receiving in addition to your Monthly Earnings prior to a claim for Disability, will not be considered an Other Income Source.

Military or Veterans Administration disability or retirement payments will not be considered an Other Income Source.

After the initial deduction for each of the Other Income Sources, benefits will not be further reduced due to any cost of living increases payable under the above stated sources.

Withdrawal of pension plan benefits by you for the purpose of placing the benefits in a subsequent pension plan or a deferred compensation plan will not be considered an Other Income Source unless you withdraw pension benefits from the subsequent pension plan or defined compensation plan due to disability or retirement.

Other Income Sources *H35978*

- a. *all* payments for the month that you receive from a permanent or temporary award or settlement under a Workers' Compensation Act, or other similar law, whether or not liability is admitted. Payments that are specifically set out in an award or settlement as medical benefits, rehabilitation benefits, income benefits for fatal injuries or income benefits for scheduled injuries involving loss or loss of use of specific body members will not be considered an Other Income Source; and
- b. all payments for the month that you receive (or would have received if complete and timely application had been made) under a policy that provides benefits for loss of time from work, if the Policyholder pays a part of the cost or makes payroll deductions for that coverage; and
- c. all payments for the month that you receive or are eligible to receive under another group disability insurance policy; and
- d. all payments for the month that you receive under any state disability plan; and
- e. all severance pay for the month that you receive from the Policyholder; and
- f. all retirement payments attributable to employer contributions and all disability payments attributable to employer contributions for the month that you receive under a pension plan sponsored by the Policyholder. A pension plan is a defined benefit plan or defined contribution plan providing disability or retirement benefits for employees. A pension plan does not include a profit sharing plan, a thrift savings plan, a nonqualified deferred compensation plan, a plan under Internal Revenue Code Section 401(k) or 457, an Individual Retirement Account (IRA), a Tax Deferred Sheltered Annuity (TSA) under Internal Revenue Code Section 403(b), a stock ownership plan, or a Keogh (HR-10) plan with respect to partners; and
- g. all payments for the month that you receive for loss of income under no-fault auto laws. Supplemental disability benefits purchased under a no-fault law will not be counted; and
- h. all renewal commissions for the month that you receive from the Policyholder.

NOTE: If any severance pay or loss of time from work payments specified above are attributable to individual disability insurance policies, the payments will not be considered an Other Income *Source*.

Military or Veterans Administration disability or retirement payments will not be considered an Other Income Source.

After the initial deduction for each of the Other Income Sources, benefits will not be further reduced due to any cost of living increases payable under the above stated sources.

Withdrawal of pension plan benefits by you for the purpose of placing the benefits in a subsequent pension plan or a deferred compensation plan will not be considered an Other Income Source unless you withdraw pension benefits from the subsequent pension plan or defined compensation plan due to disability or retirement.

Minimum Monthly Benefit

In no event will the Monthly Benefit Payable be less than the greater of *[10%]* of your Primary Monthly Benefit or *[\$100]* for each full month of a Benefit Payment Period, except that *Principal Life* will have the right to reduce the Minimum Monthly Benefit by any prior benefit overpayment. The Benefit Payable for each day of any part of a Benefit Payment Period that is less than a full month will be the monthly benefit divided by 30.

DESCRIPTION OF BENEFITS

Rehabilitation Services and Benefits

Rehabilitation Services and Benefits

While you are Disabled and covered under the Group Policy, you may qualify to participate in a rehabilitation plan and receive Rehabilitation Services and Benefits. *Principal Life* will work with you, the employer, and your Physician(s), and others as appropriate, to develop an individualized rehabilitation plan intended to assist you in returning to work.

Rehabilitation Services

While you are Disabled under the terms of the Group Policy, you may qualify for Rehabilitation Services. If you, the Policyholder, and *Principal Life* agree in Writing on a rehabilitation plan in advance, *Principal Life* may pay a portion of reasonable expenses. The goal of the plan will be to return you to work.

Any rehabilitation assistance must be approved in advance by *Principal Life* and outlined in a rehabilitation plan. The Benefit Payable as described in the booklet-*certificate* (subject to the terms and conditions of the Group Policy) will continue, unless modified by the rehabilitation plan. Rehabilitation assistance may include, but is not limited to:

- a. coordination of medical services;
- b. vocational and employment assessment;
- c. purchasing adaptive equipment;
- d. business/financial planning;
- e. retraining for a new occupation;
- f. education expenses.

Principal Life will periodically review the rehabilitation plan and your progress and *Principal Life* will continue to pay for the agreed upon expenses as long as *Principal Life* determines that the rehabilitation plan is providing the necessary action to return you to work.

Predisability Intervention Services

Rehabilitation Services may be offered if you have not yet become Disabled under the terms of the Group Policy, provided you have a condition which has the potential of resulting in the inability to perform the Substantial and Material Duties of your Own Occupation.

Rehabilitation Incentive Benefit (*H35922*)

During a Benefit Payment Period, if you are participating in and fulfilling the requirements of the rehabilitation plan, but are not yet working, you will be eligible for a [5%] increase in the Primary Monthly Benefit percentage as a Rehabilitation Incentive Benefit. Payment of the Rehabilitation Incentive Benefit will begin with the Benefit Payable amount that next follows implementation of the rehabilitation plan. The Rehabilitation Incentive Benefit is not subject to the Maximum Monthly Benefit.

The Rehabilitation Incentive Benefit will terminate on the earliest of:

- a. the date the time frame established in the rehabilitation plan has elapsed; or
- b. the date you fail to meet the goals and objectives established in the rehabilitation plan; or
- c. the date you have received a total of 12 months of Rehabilitation Incentive Benefits; or
- d. the date benefits would otherwise terminate as described in this booklet-*certificate*.

Rehabilitation Incentive Benefit (*H35978 & H35979*)

During a Benefit Payment Period, if you are participating in and fulfilling the requirements of the rehabilitation plan, but are not yet working, you will be eligible for a 10% increase in the Primary Monthly Benefit percentage as a Rehabilitation Incentive Benefit. Payment of the Rehabilitation Incentive Benefit will begin with the Benefit Payable amount that next follows implementation of the rehabilitation plan. The Rehabilitation Incentive Benefit is not subject to the Maximum Monthly Benefit.

The Rehabilitation Incentive Benefit will terminate on the earliest of:

- a. the date the time frame established in the rehabilitation plan has elapsed; or
- b. the date you fail to meet the goals and objectives established in the rehabilitation plan; or
- c. the date you have received a total of 12 months of Rehabilitation Incentive Benefits; or
- d. the date benefits would otherwise terminate as described in this booklet-*certificate*.

Reasonable Accommodation Benefit

a. Eligibility

You or an employer may be eligible for a Reasonable Accommodation Benefit provided you would be able to return to work with Reasonable Accommodation of the work environment. This benefit must be approved by *Principal Life* in Writing prior to implementation.

b. Benefit

Principal Life will reimburse you or an employer for expenses incurred to modify the workplace to allow you to return to work, up to the actual expense, not to exceed [\$2,000] per Benefit Payment Period. Expenses may include the cost of tools, equipment, furniture, or any other changes to the work-site or environment that *Principal Life agrees* will allow you to return to work. Any payment made for Reasonable Accommodation would be the difference between the cost and the amount paid or payable by third parties (including any amount paid under a policy of medical coverage).

Reasonable Accommodation

Changes in your work environment or in the way a job is performed which allows you to perform the essential functions of that job.

DESCRIPTION OF BENEFITS

Survivor Benefit and Accelerated Survivor Benefit

Survivor Benefit

In the event a Benefit Payment Period ends because of your death, a Survivor Benefit will be payable. This Survivor Benefit will be *[three]* times your Primary Monthly Benefit.

Principal Life will pay the Survivor Benefit to your spouse, child, parent, or estate as described in the CLAIM PROCEDURES Section.

Accelerated Survivor Benefit

Definition of Terminally Ill

You will be considered Terminally Ill under the Group Policy if you are expected to die within 12 months of the date you request payment of the Accelerated Survivor Benefit.

Eligibility

Principal Life will pay you an Accelerated Survivor Benefit if you request such payment and meet the following requirements. You must:

- a. satisfy the Benefit Qualifications listed in this booklet-*certificate*; and
- b. provide proof that you are Terminally Ill by submitting to *Principal Life*:
 - (1) a statement from your Physician; and
 - (2) any other medical information that *Principal Life believes* necessary to confirm your status; and
- c. be living on the date of payment of the Accelerated Survivor Benefit.

Benefit

If you qualify, *Principal Life* will pay an Accelerated Survivor Benefit. This benefit will be equal to *[three]* times your Primary Monthly Benefit and will be paid to you in a single lump sum. This benefit is paid in addition to your regular Benefit Payable.

Effect on Survivor Benefit

If an Accelerated Survivor Benefit is paid, no Survivor Benefit will be payable.

DESCRIPTION OF BENEFITS

Monthly Payment Limit *H35922 & H35979*

In no event will the sum of amounts payable for:

- a. Benefits Payable as described in this booklet-*certificate*;
- b. Rehabilitation Incentive Benefit;
- c. income from Other Income Sources;
- d. Current Earnings from your Own Occupation or any occupation;
- e. payments attributable to individual disability insurance policies;

exceed 100% of Predisability Earnings. If you are eligible for a work incentive Benefit Payable, the Monthly Payment Limit will be increased to 100% of Indexed Predisability Earnings for the first *[24]* months.

In the event your total income from all sources listed above exceeds 100% of Predisability Earnings, the benefits as described in this booklet-*certificate* will be reduced by the amount in excess of 100% of Predisability Earnings.

Monthly Payment Limit *H35978*

In no event will the sum of amounts payable for:

- a. Benefits Payable as described in this booklet-*certificate*;
- b. Rehabilitation Incentive Benefit;
- c. income from Other Income Sources;
- d. Current Earnings from your Own Occupation or any occupation;
- e. sick pay;
- f. salary continuance payments;
- g. personal time off;
- h. payments attributable to individual disability insurance policies;

exceed 100% of Predisability Earnings. If you are eligible for a work incentive Benefit Payable, the Monthly Payment Limit will be increased to 100% of Indexed Predisability Earnings for the first *[24]* months.

In the event your total income from all sources listed above exceeds 100% of Predisability Earnings, the benefits as described in this booklet-*certificate* will be reduced by the amount in excess of 100% of Predisability Earnings.

DESCRIPTION OF BENEFITS

Benefit Payment Period and Recurring Disability

Benefit Payment Period

Benefits are payable:

- a. if your Disability begins before you are age 65, until the later of the date 36 months after your Benefit Payment Period begins, or the date you attain Social Security Normal Retirement Age; or
- b. if your Disability begins on or after you are age 65, until the later of the date of Social Security Normal Retirement Age, or the date of completion of the number of months shown below after your Benefit Payment Period begins:

<u>Your Age on the Date Disability Begins</u>	<u>Months of the Benefit Payment Period (Beginning with the date the Benefit Payment Period begins)</u>
65, 66, 67	24
68, 69	18
70, 71	15
72 and over	12

However, in no event, will benefits continue beyond:

- a. the date of your death; or
- b. the date your Disability ends, unless a Recurring Disability exists as explained in this booklet-*certificate*; or
- c. the date you fail to provide any required proof of Disability; or
- d. the date you fail to submit to any required medical examination or evaluation; or
- e. the date you fail to report any required Current Earnings information; or
- f. the date you fail to report income from Other Income Sources; or
- g. the date ten days after receipt of notice from *Principal Life* if you fail to pursue Social Security Benefits or benefits under a Workers' Compensation Act or similar law as described in this booklet-*certificate*; or

- h. if Disability results from alcohol, drug or chemical abuse, dependency, or addiction, a Mental Health Condition or a Special Condition, the date 24 months after the Benefit Payment Period begins; or
- i. the date you cease to be under the Regular and Appropriate Care of a Physician.

Recurring Disability

A Recurring Disability will exist under the Group Policy if:

- a. after you have completed an Elimination Period and during a Benefit Payment Period, you cease to be Disabled; and
- b. you then return to Active Work; and
- c. while insured under the Group Policy but before completing six continuous months of Active Work, you are again Disabled; and
- d. your current Disability and the Disability for which you completed the Elimination Period result from the same or a related cause.

A Recurring Disability will be treated as if the initial Disability had not ended, except that no benefits will be payable for the time between Disabilities. You will not be required to complete a new Elimination Period. Benefits will be payable from the first day of each Recurring Disability, but only for the remainder, if any, of the Benefit Payment Period established for the initial Disability.

DESCRIPTION OF BENEFITS

Treatment of Alcohol, Drug or Chemical Abuse, Dependency, or Addiction, a Mental Health Condition, or a Special Condition

Your period of Disability will be considered due to alcohol, drug or chemical abuse, dependency, or addiction, a Mental Health Condition or a Special Condition if:

- a. you are limited by one or more of the stated conditions; and
- b. you do not have other conditions which, in the absence of the above stated conditions, would continue to exist, limit activities and lead *Principal Life* to conclude that you are Disabled for another condition in and of itself.

When Disability results from alcohol, drug or chemical abuse, dependency, or addiction, a Mental Health Condition or a Special Condition, the maximum number of Benefits Payable for all such periods of Disability is limited to 24 months. This is not a separate maximum for each such condition, or for each period of Disability, but a combined lifetime maximum for all periods of Disability and for all of these conditions, either separate or combined.

However, if at the end of that 24 months, you are confined in a Hospital or other facility qualified to provide necessary care and treatment for alcohol, drug or chemical abuse, dependency, or addiction, a Mental Health Condition or a Special Condition, then the Benefit Payment Period may be extended to include the time during which you remain confined.

Benefits will be payable for the length of the confinement and for up to 60 days following the end of the confinement. If you are Hospital confined again during the 60-day period for at least ten consecutive days, benefits will be payable for the length of the second confinement and for up to 60 days following the end of the second confinement.

DESCRIPTION OF BENEFITS

Limitations

No benefits will be paid for any Disability that:

- a. results from willful self-injury, while sane or insane; or
- b. results from war or act of war; or
- c. results from participation in an assault or felony; or
- d. is a new Disability that begins after a prior Benefit Payment Period has ended and you have not returned to Active Work; or
- e. is a continuation of a Disability for which a Benefit Payment Period has ended and you have not returned to Active Work (except as provided for a Recurring Disability in this booklet-*certificate*); or
- f. is caused by, a complication of, or resulting from a Preexisting Condition as described in this booklet-*certificate*.

Preexisting Conditions Exclusion for Initial Insurance

A Preexisting Condition is any sickness or injury, including all related conditions and complications, or pregnancy, for which you:

- a. received medical treatment, consultation, care, or services; or
- b. were prescribed or took prescription medications;

in the *[three month]* period before you became insured under the Group Policy.

No benefits will be paid for a Disability that results from a Preexisting Condition unless, on the date you become Disabled, you have been Actively at Work for one full day after completing *[12 consecutive months]* during which you were insured under the Group Policy.

Preexisting Conditions Exclusion for Benefit Increases

A Preexisting Condition is any sickness or injury, including all related conditions and complications, or pregnancy, for which you:

- a. received medical treatment, consultation, care, or services; or
- b. were prescribed or took prescription medications;

in the [*three month*] period prior to an increase in benefits or change in the Group Policy, including increases in benefits due to a change in Monthly Earnings of 25% or greater.

The benefits and the Group Policy provisions in force immediately prior to the increase or change will be payable for the duration of a Disability that:

- a. results from a Preexisting Condition; and
- b. begins within 12 months after the effective date of the increase in benefits or change in the Group Policy provisions.

CLAIM PROCEDURES

Notice of Claim

Written notice of claim must be given to *Principal Life* within three months after the date of loss for which claim is being made. Failure to give notice within the time specified will not invalidate or reduce any claim if notice is given as soon as reasonably possible.

Claim Forms

Claim forms and other information needed to provide proof of Disability must be filed with *Principal Life* in order to obtain payment of benefits. The Policyholder will provide appropriate claim forms to assist you in filing claims. If the forms are not provided within 15 days after *Principal Life* receives notice of claim, you will be considered to have complied with the requirements of the Group Policy regarding proof of Disability upon submitting, within the time specified below for filing Written proof of Disability, Written proof covering the occurrence, character and extent of the loss.

Proof of Disability

Claim forms and other information needed to prove Disability should be filed promptly. Written proof that Disability exists and has been continuous must be sent to *Principal Life* within six months after the date you complete an Elimination Period. Proof required includes the date, nature, and extent of the loss. Further proof that Disability has not ended must be sent when requested by *Principal Life*. *Principal Life* may request additional information to substantiate your loss or require a Signed unaltered authorization to obtain that information from the provider. *Principal Life* reserves the right to determine when these conditions are met. Your failure to comply with such request could result in declination of the claim. For purposes of satisfying the claims processing timing requirements of the Employee Retirement Income Security Act (ERISA), receipt of claim will be considered to be met when the Elimination Period has been completed and the appropriate claim form is received by *Principal Life*.

Proof of Disability while outside the United States

If during a period of Disability, you are residing or staying outside the United States, the following will apply:

- a. Any evidence you submit for your claim will be required to be translated by the U.S. Embassy and contain the U.S. Embassy seal.
- b. You may be required to return to the United States at a frequency *Principal Life* deems necessary to substantiate your claim for Disability. All expenses incurred by you for returning to the United States will be your responsibility.

- c. You must notify *Principal Life* in advance of any return to the United States and your change of address.

Your failure to comply with such request could result in declination of the claim. For purposes of satisfying the claims processing timing requirements of the Employee Retirement Income Security Act (ERISA), receipt of claim will be considered to be met when the Elimination Period has been completed and the appropriate claim form is received by *Principal Life*.

Payment, Denial, and Review

ERISA permits up to 45 days from receipt of claim for processing the claim. If a claim cannot be processed due to incomplete information, *Principal Life* will send a Written explanation prior to the expiration of the 45 days. A claimant is then allowed up to 45 days to provide all additional information requested. *Principal Life* is permitted two 30-day extensions for processing an incomplete claim. Written notification will be sent to you regarding the extension.

In actual practice, benefits under the Group Policy will be payable sooner, providing *Principal Life* receives complete and proper proof of Disability. Further, if a claim is not payable or cannot be processed, *Principal Life* will submit a detailed explanation of the basis for its denial.

A claimant may request an appeal of a claim denial by Written request to *Principal Life* within 180 days of the receipt of notice of the denial. *Principal Life* will make a full and fair review of the claim. *Principal Life* may require additional information to make the review. *Principal Life* will notify you in Writing of the appeal decision within 45 days after receipt of the appeal request. If the appeal cannot be processed within the 45-day period because *Principal Life* did not receive the requested additional information, *Principal Life* is permitted a 45-day extension for the review. Written notification will be sent to the claimant regarding the extension. After exhaustion of the formal appeal process, the claimant may request an additional appeal. However, this appeal is voluntary and does not need to be filed before asserting rights to legal action.

For purposes of this section, "claimant" means *Participant*.

Report of Payments from Other Income Sources

When asked, you must give *Principal Life*:

- a. a report of all payments from Other Income Sources; and
- b. proof of application for all such income for which you and your Dependents are eligible; and
- c. proof that any application for such income has been rejected.

Lump Sum Payments from Other Income Sources

If any income from Other Income Sources are payable in a lump sum (except as described below), the lump sum will be deemed to be paid in monthly amounts prorated over the time stated. If no such time is stated, the lump sum will be prorated monthly over your expected life span. *Principal Life* will determine the expected life span.

Lump Sum Payments under:

- a. a retirement plan will be deemed to be paid in the monthly amount which:
 - (1) is provided by the standard annuity option under the plan as identified by the Policyholder; or
 - (2) is prorated under a standard annuity table over your expected life span (if the plan does not have a standard annuity option);
- b. a Workers' Compensation Act or other similar law (which includes benefits paid under an award or a settlement) will be deemed to be paid monthly:
 - (1) at the rate stated in the award or settlement; or
 - (2) at the rate paid prior to the lump sum (if no rate is stated in the award or settlement); or
 - (3) at the maximum rate set by law (if no rate is stated and you did not receive a periodic award).

Social Security Estimates

Until exact amounts are known, *Principal Life* may estimate the Social Security benefits for which you and your Dependents are eligible and may include those estimates in your Other Income Sources.

If it is reasonable that you would be entitled to disability benefits under the Federal Social Security Act, *Principal Life* will require that you:

- a. apply for disability benefits within ten days after receipt of Written notice from *Principal Life* requesting you to apply for such benefits; and
- b. give satisfactory proof within 30 days after receipt of Written notice from *Principal Life* that you have applied for these benefits within the ten-day period; and
- c. request reconsideration of the application for Social Security benefits if the original application is denied, and appeal any denial or reconsideration if an appeal appears reasonable.

Workers' Compensation Estimates

Until exact amounts are known, *Principal Life* may estimate the Workers' Compensation benefits for which you are eligible and may include those estimates in your Other Income Sources.

If it is reasonable that you would be entitled to benefits under a Workers' Compensation Act or a similar law, *Principal Life* will require that you:

- a. apply for benefits within ten days after receipt of Written notice from *Principal Life* requesting you to apply for such benefits; and
- b. give satisfactory proof within 30 days after receipt of Written notice from *Principal Life* that you have applied for these benefits within the ten-day period.

Payments for Less Than a Full Month

The Benefit Payable for each day of any part of a Benefit Payment Period that is less than a full month will be the monthly benefit divided by 30.

Right to Recover Overpayments

If an overpayment of benefits occurs under the Group Policy, *Principal Life* will have the option to:

- a. reduce or withhold any future benefits *Principal Life determines* to be due, including the Minimum Monthly Benefit; or
- b. recover the overpayment directly from you; or
- c. take any other legal action.

Facility of Payment

Benefits under the Group Policy will be payable at the end of each month of a Benefit Payment Period, provided complete and proper proof of Disability has been received by *Principal Life*.

Principal Life reserves the right to offer a lump sum payment in lieu of continued monthly payments where liability has been established for a Benefit Payment Period if agreed upon by you and The Principal.

Any unpaid balance that remains after a Benefit Payment Period ceases will be immediately payable.

Principal Life will normally pay benefits directly to you. However, in the special instances listed below, payment will be as indicated. All payments so made will discharge *Principal Life* to the full extent of those payments.

- a. If payment amounts remain due upon your death, those amounts may, at *Principal Life* option, be paid to your spouse, child, parent, or estate.
- b. If *Principal Life believes* a person is not legally able to give a valid receipt for a benefit payment, and no guardian has been appointed, *Principal Life* may pay whoever has assumed the care and support of the person. Any payment due a minor will be at the rate of not more than \$200 a month.

Medical Examinations and Evaluations

Principal Life may require you to be examined by a Physician or undergo an evaluation, at reasonable intervals, during the course of a claim. *Principal Life* will pay for these examinations and evaluations and will choose the Physician or evaluator to perform them. Failure to attend a medical examination or cooperate with the Physician may be cause for suspension or denial of your benefits. Failure to attend an evaluation or to cooperate with the evaluator may also be cause for suspension or denial of your benefits. If you fail to attend an examination or an evaluation, any charges incurred for not attending an appointment as scheduled may be your responsibility.

Legal Action

Legal action to recover benefits under the Group Policy may not be started earlier than 90 days after proof of Disability is filed and before the appeal procedures have been exhausted. Further, no legal action may be started later than three years after that proof is required to be filed.

Time Limits

Any time limits listed in this section will be adjusted as required by law.

DEFINITIONS

Several words and phrases used to describe your insurance are capitalized whenever they are used in this booklet-*certificate*. These words and phrases have special meanings as explained in this section.

Active Work; Actively at Work (*Effective 06/01/2006*)

You are considered Actively at Work if you are able and available for active performance of all of your regular duties. Short term absence because of a regularly scheduled day off, holiday, vacation day, jury duty, funeral leave, or personal time off is considered Actively at Work provided you are able and available for active performance of all of your regular duties and were working the day immediately prior to the date of your absence.

Active Work; Actively at Work (*Effective 05/01/2007*)

You are considered Actively at Work if your coverage is not terminated. Short term absence because of a regularly scheduled day off, holiday, vacation day, jury duty, funeral leave, or personal time off is considered Active Work provided you are able and available for active performance of all of your regular duties and were working the day immediately prior to the date of your absence.

Benefit Payment Period

The period of time during which benefits are payable.

Current Earnings

Your Monthly Earnings for each month that you are Disabled. While Disabled, your Monthly Earnings may result from working for the Policyholder or any other employer.

Dependent *H35922 & H35979*

Any person who qualifies for benefits as a dependent under the Federal Social Security Act as a result of your Disability or retirement, whether or not residing in your home.

Disability; Disabled *H35922*

You will be considered Disabled if, solely and directly because of sickness, injury, or pregnancy:

During the Elimination Period and the Own Occupation Period, one of the following applies:

- a. You cannot perform the majority of the Substantial and Material Duties of your Own Occupation.

- b. You are performing the duties of your Own Occupation on a Modified Basis or any occupation and are unable to earn more than [80%] of your Indexed Predisability Earnings.

After completing the Elimination Period and the Own Occupation Period, one of the following applies:

- a. You cannot perform the majority of the Substantial and Material Duties of any occupation for which you are or may reasonably become qualified based on education, training, or experience.
- b. You are performing the Substantial and Material Duties of your Own Occupation or any occupation on a Modified Basis and are unable to earn more than [80%] of your Indexed Predisability Earnings.

The loss of a professional or occupational license or certification does not, in itself, constitute a Disability.

Disability; Disabled *H35978 & H35979*

You will be considered Disabled if, solely and directly because of sickness, injury, or pregnancy:

During the Elimination Period and Benefit Payment Period, one of the following applies:

- a. You cannot perform the majority of the Substantial and Material Duties of your Own Occupation.
- b. You are performing the duties of your Own Occupation on a Modified Basis or any occupation and are unable to earn more than [80%] of your Indexed Predisability Earnings.

The loss of a professional or occupational license or certification does not, in itself, constitute a Disability.

Elimination Period

The period of time you must be Disabled before benefits begin to accrue. An Elimination Period starts on the date you are Disabled and must be satisfied for each period of Disability. If you are in the process of satisfying the Elimination Period, you may recover from the Disability for a period of time and then again become Disabled from the same or a different cause. A recovery will not require you to start a new Elimination Period as long as the Elimination Period is satisfied by the required number of days of Disability during a period that is twice as long as the Elimination Period. The periods of Disability will be combined to satisfy the Elimination Period.

Generally Accepted

Treatment, service, or medication that:

- a. has been accepted as the standard of practice according to the prevailing opinion among experts as shown by (or in) articles published in authoritative, peer-reviewed medical, and scientific literature; and
- b. is in general use in the medical community; and
- c. is not under continued scientific testing or research as a therapy for the particular sickness or injury which is the subject of the claim.

Group Policy

The policy of group insurance issued to the Policyholder by *Principal Life* which describes benefits and provisions for insured *Participants*.

Hospital

An institution that is licensed as a Hospital by the proper authority of the state in which it is located, but not including any institution, or part thereof, that is used primarily as a clinic, convalescent home, rest home, home for the aged, nursing home, custodial care facility, or training center.

Income Loss Percentage

Your Income Loss Percentage is equal to:

- a. your Indexed Predisability Earnings less any Current Earnings from your Own Occupation or any occupation; divided by
- b. your Indexed Predisability Earnings.

Indexed Predisability Earnings

Your Predisability Earnings adjusted for increases in the Consumer Price Index.

Insurance Month

Calendar month.

Maximum Monthly Benefit *H35922*

[\$6,000]

Maximum Monthly Benefit *H35978*

[\$25,000]

Maximum Monthly Benefit *H35979*

[\$15,000]

Mental Health Condition

Any condition which is:

- a. manifested by a psychiatric disturbance including, but not limited to, a biologically or chemically based disorder; and
- b. categorized in the current edition of the American Psychiatric Associations Diagnostic and Statistical Manual of Mental Disorders.

Conditions not considered a Mental Health Condition include:

- a. dementia; and
- b. organic brain syndrome; and
- c. delirium; and
- d. organic amnesia syndromes; and
- e. organic delusional or organic hallucinogenic syndromes.

Modified Basis

You will be considered working on a Modified Basis if you are working on either a part-time basis or performing some but not all of the Substantial and Material Duties of the occupation on a full-time basis.

Monthly Earnings

For *Participants* with no ownership interest in the business entity of the Policyholder:

On any date, your basic monthly (or monthly equivalent) wage then in force, as established by the Policyholder. Basic wage does not include tips, differential pay, housing and/or car allowance, or overtime pay. Basic wage does include commissions, bonuses, and any deferred earnings under a qualified deferred compensation plan, such as contributions to Internal Revenue Code Section 401(k), 403(b), or 457 deferred compensation arrangements and any amount of voluntary earnings reduction under a qualified Section 125 Cafeteria Plan.

Commissions and bonuses will be averaged for:

- a. the *one* calendar year period prior to the date Disability begins, if the *Participant* has been employed for at least one calendar year(s); or
- b. the completed months of employment prior to the date Disability begins, if the *Participant* has been employed for less than one calendar year(s).

For the purposes of benefit calculation and premium remittance, this amount will be rounded (up for life and down for STD and LTD) to the next (higher or lower) \$1,000.

For *Participants* with ownership interest in the business entity of the Policyholder, such as an owner of a sole proprietorship, a partner in a partnership, a shareholder of a corporation or subchapter S-corporation, or a member of a limited liability company or limited liability partnership, Monthly Earnings on any date are based on an average of the following earnings as reported for Federal Income Tax purposes for the last two calendar year(s), assuming the owner meets all eligibility requirements:

- a. your share (based on ownership or contractual agreement) of the gross revenue or income earned by the Policyholder, including income earned by you and others under your supervision or direction; less
- b. your share (based on ownership or contractual agreement) of the usual and customary unreimbursed business expenses of the Policyholder which are incurred on a regular basis, are essential to the established business operation of the Policyholder, are deductible for Federal Income Tax purposes, and do not exceed the expenses before Disability began; plus
- c. the salary, benefits, and other forms of compensation which are payable to you, and any contributions to a pension or profit sharing plan made on your behalf by the Policyholder.

Monthly Earnings do not include any form of unearned income such as dividends, rent, interest, capital gains, income received from any form of deferred compensation, retirement, pension plan, income from royalties, or disability benefits.

Other Income Sources *H35922 & H35979*

- a. all disability payments for the month that you and your Dependents receive (or would have received if complete and timely application had been made) under the Federal Social Security Act, Railroad Retirement Act, or any similar act of any federal, state, provincial, municipal, or other governmental agency; and
- b. if you have reached Social Security Normal Retirement Age or older, all retirement payments for the month that you and your Dependents receive (or would have received if complete and timely application had been made) under the Federal Social Security Act, Railroad Retirement Act, or any similar act of any federal, state, provincial, municipal, or other governmental agency; and

- c. if you are less than Social Security Normal Retirement Age, all retirement payments for the month that you and your Dependents receive under the Federal Social Security Act, Railroad Retirement Act, or any similar act of any federal, state, provincial, municipal, or other governmental agency; and
- d. all payments for the month that you receive from a permanent or temporary award or settlement under a Workers' Compensation Act, or other similar law, whether or not liability is admitted. Payments that are specifically set out in an award or settlement as medical benefits, rehabilitation benefits, income benefits for fatal injuries or income benefits for scheduled injuries involving loss or loss of use of specific body members will not be considered an Other Income Source; and
- e. all payments for the month that you receive (or would have received if complete and timely application had been made) under a policy that provides benefits for loss of time from work, if the Policyholder pays a part of the cost or makes payroll deductions for that coverage; and
- f. all payments for the month that you receive or are eligible to receive under another group disability insurance policy; and
- g. all payments for the month that you receive under any state disability plan; and
- h. all sick pay, salary continuance payments, personal time off, severance pay, for the month that you receive from the Policyholder; and
- i. all retirement payments attributable to employer contributions and all disability payments attributable to employer contributions for the month that you receive under a pension plan sponsored by the Policyholder. A pension plan is a defined benefit plan or defined contribution plan providing disability or retirement benefits for employees. A pension plan does not include a profit sharing plan, a thrift savings plan, a nonqualified deferred compensation plan, a plan under Internal Revenue Code Section 401(k) or 457, an Individual Retirement Account (IRA), a Tax Deferred Sheltered Annuity (TSA) under Internal Revenue Code Section 403(b), a stock ownership plan, or a Keogh (HR-10) plan with respect to partners; and
- j. all payments for the month that you receive for loss of income under no-fault auto laws. Supplemental disability benefits purchased under a no-fault law will not be counted; and
- k. all renewal commissions for the month that you receive from the Policyholder.

NOTE:

If any sick pay, salary continuance payments, personal time off, severance pay, or loss of time from work payments specified above are attributable to individual disability insurance policies, the payments will not be considered an Other Income Source.

Any retirement payments you receive under the Federal Social Security Act or a pension plan which you had been receiving in addition to your Monthly Earnings prior to a claim for Disability, will not be considered an Other Income Source.

Military or Veterans Administration disability or retirement payments will not be considered an Other Income Source.

After the initial deduction for each of the Other Income Sources, benefits will not be further reduced due to any cost of living increases payable under the above stated sources.

Withdrawal of pension plan benefits by you for the purpose of placing the benefits in a subsequent pension plan or a deferred compensation plan will not be considered an Other Income Source unless you withdraw pension benefits from the subsequent pension plan or defined compensation plan due to disability or retirement.

Other Income Sources *H35978*

- a. *all* payments for the month that you receive from a permanent or temporary award or settlement under a Workers' Compensation Act, or other similar law, whether or not liability is admitted. Payments that are specifically set out in an award or settlement as medical benefits, rehabilitation benefits, income benefits for fatal injuries or income benefits for scheduled injuries involving loss or loss of use of specific body members will not be considered an Other Income Source; and
- b. all payments for the month that you receive (or would have received if complete and timely application had been made) under a policy that provides benefits for loss of time from work, if the Policyholder pays a part of the cost or makes payroll deductions for that coverage; and
- c. all payments for the month that you receive or are eligible to receive under another group disability insurance policy; and
- d. all payments for the month that you receive under any state disability plan; and
- e. all severance pay for the month that you receive from the Policyholder; and
- f. all retirement payments attributable to employer contributions and all disability payments attributable to employer contributions for the month that you receive under a pension plan sponsored by the Policyholder. A pension plan is a defined benefit plan or defined contribution plan providing disability or retirement benefits for employees. A pension plan does not include a profit sharing plan, a thrift savings plan, a nonqualified deferred compensation plan, a plan under Internal Revenue Code Section 401(k) or 457, an Individual Retirement Account (IRA), a Tax Deferred Sheltered Annuity (TSA) under Internal Revenue Code Section 403(b), a stock ownership plan, or a Keogh (HR-10) plan with respect to partners; and

- g. all payments for the month that you receive for loss of income under no-fault auto laws. Supplemental disability benefits purchased under a no-fault law will not be counted; and
- h. all renewal commissions for the month that you receive from the Policyholder.

NOTE:

If any severance pay or loss of time from work payments specified above are attributable to individual disability insurance policies, the payments will not be considered an Other Income *Source*.

Military or Veterans Administration disability or retirement payments will not be considered an Other Income Source.

After the initial deduction for each of the Other Income Sources, benefits will not be further reduced due to any cost of living increases payable under the above stated sources.

Withdrawal of pension plan benefits by you for the purpose of placing the benefits in a subsequent pension plan or a deferred compensation plan will not be considered an Other Income Source unless you withdraw pension benefits from the subsequent pension plan or defined compensation plan due to disability or retirement.

Own Occupation

The occupation you are routinely performing for the Policyholder when your Disability begins.

Own Occupation Period *H35922*

The first *[two]* year(s) of the Benefit Payment Period.

Participant

Any full-time employee or part-time employee who has enrolled and works the required number of hours during each benefit quarter as determined by Dillard's accounting calendar.

Physician

- a. A licensed Doctor of Medicine (M.D.) or Osteopathy (D.O.); or
- b. any other licensed health care practitioner that state law requires be recognized as a Physician under the Group Policy, provided that the services provided by such person are within the lawful scope of his or her license.

The term Physician does not include you, one of your employees, your business or professional partner or associate, any person who has a financial affiliation or business interest with you, anyone related to you by blood or marriage, or anyone living in your household.

Policyholder

DILLARD'S, INC. FLEXIBLE BENEFIT PLAN.

Predisability Earnings

Your Monthly Earnings in effect prior to the date Disability begins.

Primary Monthly Benefit H35922

[60%] of your Predisability Earnings. The Primary Monthly Benefit will not exceed the Maximum Monthly Benefit of [\$6,000].

Primary Monthly Benefit H35978

[60%] of your Predisability Earnings. The Primary Monthly Benefit will not exceed the Maximum Monthly Benefit of [\$25,000].

Primary Monthly Benefit H35979

[60%] of your Predisability Earnings. The Primary Monthly Benefit will not exceed the Maximum Monthly Benefit of [\$15,000].

Proof of Good Health

Written evidence that a person is insurable under *Principal Life* underwriting standards. This proof must be provided in a form satisfactory to *Principal Life*.

Reasonable Accommodation

Changes in your work environment or in the way a job is performed which allows you to perform the essential functions of that job.

Regular and Appropriate Care

You will be considered to be receiving Regular and Appropriate Care if you:

- a. are evaluated in person by a Physician; and
- b. receive treatment appropriate for the condition causing the Disability; and
- c. undergo evaluations and treatment that is provided by a Physician whose specialty is appropriate for the condition causing the Disability; and

- d. undergo evaluations and treatment at a frequency intended to return you to full-time work; and
- e. pursue reasonable treatment options or recommendations to achieve maximum medical improvement.

Principal Life may require you to have your Physician provide *Principal Life* with a Written evaluation and treatment plan for the condition causing the Disability, which meets Generally Accepted medical standards and is satisfactory to *Principal Life*.

Principal Life may waive in Writing to you, the Regular and Appropriate Care requirement if it is determined by *Principal Life* that continued care would be of no benefit to you.

Signed or Signature

Any symbol or method executed or adopted by a person with the present intention to authenticate a record, and which is on or transmitted by paper or electronic media, and which is consistent with applicable law and is agreed to by *Principal Life*.

Social Security Normal Retirement Age (SSNRA)

Social Security Normal Retirement Age as defined by the Social Security Administration on the date Disabled.

<u>Year of Birth</u>	<u>Normal Retirement Age</u>
Before 1938	65
1938	65 and 2 months
1939	65 and 4 months
1940	65 and 6 months
1941	65 and 8 months
1942	65 and 10 months
1943 - 1954	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
After 1959	67

Special Condition *H35922*

Special Condition means:

- a. thoracic outlet syndrome; and

- b. headaches (including, but not limited to functional, migraine, organic, sinus, and tension); and
- c. chronic fatigue syndrome; and
- d. fibromyalgia; and
- e. temporomandibular joint (TMJ); and
- f. cumulative trauma disorder, overuse syndrome, or repetitive stress disorder, including carpal tunnel syndrome and ulnar tunnel syndrome; and
- g. environmental allergies and Multiple Chemical Sensitivity (MCS); and
- h. Musculoskeletal and connective tissue disorders of the neck and back including any disease or disorder of the cervical, thoracic, and lumbosacral back and its surrounding soft tissue including sprains and strains of joints and adjacent muscles, except:

Musculoskeletal conditions that are not considered Special Conditions are:

- (1) arthritis; and
- (2) ruptured intervertebral discs; and
- (3) scoliosis; and
- (4) spinal fractures; and
- (5) osteopathies; and
- (6) spinal tumors, malignancy, or vascular malformations; and
- (7) radiculopathies, documented by electromyogram; and
- (8) spondylolisthesis, grade II or higher; and
- (9) myelopathies and myelitis; and
- (10) demyelinating disease; and
- (11) traumatic spinal cord necrosis.

Substantial and Material Duties

The essential tasks generally required by employers from those engaged in a particular occupation that cannot be modified or omitted.

Written or Writing

A record which is on or transmitted by paper or electronic media, and which is consistent with applicable law.

BOOKLET-CERTIFICATE NOTICE

Arkansas insurance law requires that, if a Group Policy covers any residents of Arkansas, the certificate must include the address and telephone number of: (1) the insurance company issuing the Group Policy, (2) the Arkansas Insurance Department. The information is as follows:

- (1) Principal Life Insurance Company
711 High Street
Des Moines, Iowa 50392-0001

For Disability claim-related inquiries:
Attention: Group Claim - Disability Info Line Services
Telephone: 1-800-245-1522

For administration-related inquiries:
Attn: Group Call Center
Telephone: 1-800-843-1371

- (2) Arkansas Insurance Department
Consumer Services Division
1200 West Third Street
Little Rock, Arkansas 72201-1904
Telephone: (501) 371-2640

Toll-free Telephone Number: 1-800-852-5494

If you call or write either of the above, please provide all relevant information pertaining to your inquiry, including the group account number and your full name and address.

This Notice is for your information only and does not become a part or condition of this booklet-certificate.

<i>SERFF Tracking Number:</i>	<i>PRLF-125595399</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>Principal Life Insurance Company</i>	<i>State Tracking Number:</i>	<i>39165</i>
<i>Company Tracking Number:</i>			
<i>TOI:</i>	<i>H11G Group Health - Disability Income</i>	<i>Sub-TOI:</i>	<i>H11G.003 Long Term</i>
<i>Product Name:</i>	<i>grp LTD - DIL</i>		
<i>Project Name/Number:</i>	<i>Single Case -DIL- LTD/</i>		

Rate Information

Rate data does NOT apply to filing.

SERFF Tracking Number:	PRLF-125595399	State:	Arkansas
Filing Company:	Principal Life Insurance Company	State Tracking Number:	39165
Company Tracking Number:			
TOI:	H11G Group Health - Disability Income	Sub-TOI:	H11G.003 Long Term
Product Name:	grp LTD - DIL		
Project Name/Number:	Single Case -DIL- LTD/		

Supporting Document Schedules

Satisfied -Name:	Certification/Notice	Review Status:	Approved-Closed	06/09/2008
Comments:				
Attachments:				
READABIL.pdf				
gc 803 ar policy notice.pdf				
gh 198 ar dil bklt notice.pdf				
Satisfied -Name:	Application	Review Status:	Approved-Closed	06/09/2008
Comments:				
Attachment:				
GP56002.pdf				
Satisfied -Name:	footnotes	Review Status:	Approved-Closed	06/09/2008
Comments:				
Attachment:				
LTD Footnotes.pdf				

**STATE OF ARKANSAS
INSURANCE DEPARTMENT**

CERTIFICATION OF READABILITY

I, Mark L. Hill, an Officer of Principal Life Insurance Company hereby certify that the attached form(s) has (have) achieved a Flesch Reading Ease Score of:

Form No.	Form Name	Flesch Score
GC 3000 DIL, et al	Group Long Term Disability Policy Forms	52.7
GH 800 DIL, et al	Group Long Term Disability Booklet-Certificate Forms	50.1

and complies with the requirements of Ark. Stat. Ann. Sections 66-3251 through 66-3258, cited as the Life and Disability Insurance Policy Language Simplification Act.

PRINCIPAL LIFE INSURANCE COMPANY



Mark L. Hill, Director
Group Life and Health Compliance

June 2, 2008_____

Date

POLICY NOTICE

Arkansas insurance law requires each Group Policy covering Arkansas residents to include the address and telephone number of: (1) the insurance company issuing the Group Policy, and (2) the Arkansas Insurance Department. The information is as follows:

- (1) Principal Life Insurance Company
711 High Street
Des Moines, Iowa 50392-0001

For Disability claim-related inquiries:
Attention: Group Claim - Disability Info Line Services
Telephone: 1-800-245-1522

For administration-related inquiries:
Attn: Group Call Center
Telephone: 1-800-843-1371

- (2) Arkansas Insurance Department
Consumer Services Division
1200 West Third Street
Little Rock, Arkansas 72201-1904
Telephone: (501) 371-2640

Toll-free Telephone Number: 1-800-852-5494

This Notice is for the Policyholder's information only and does not become a part or condition of this Group Policy.

BOOKLET-CERTIFICATE NOTICE

Arkansas insurance law requires that, if a Group Policy covers any residents of Arkansas, the certificate must include the address and telephone number of: (1) the insurance company issuing the Group Policy, (2) the Arkansas Insurance Department. The information is as follows:

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Telephone: (501) 371-2640

Toll-free Telephone Number: 1-800-852-5494

If you call or write either of the above, please provide all relevant information pertaining to your inquiry, including the group account number and your full name and address.

This Notice is for your information only and does not become a part or condition of this booklet-certificate.



Mailing Address:
Des Moines, IA 50392-0002

Principal Life
Insurance Company

Health Statement
for Self Administered Plans

Account Number / Unit Number H35922

Employer to Complete This Section: After completing make a copy of Page 1 for your records before you give the form to your employee.

Employer name

Dillard's, Inc.

Direct all employer's correspondence regarding this statement to:

Name

Benefits Department

Address (street)

1600 Cantrell Road

City

State

ZIP code

Phone

Little Rock

AR

72201

(501) 376-5933

Employee's name

AIN number

Date of hire

Annual salary

\$

Effective date as per contractual provisions

open enrollment – effective date June 1st

This statement is: (place a "(√)" in each box that applies)

for employee

add new coverages

increase in current coverages

for dependent(s)

late

Please check the coverages (**and indicate the new amount or increase in amount**) being applied for at this time. See your benefit plan/contract for proof of good health rules that apply to your plan.

	Current	Requested amount
basic life	\$ _____	\$ _____
voluntary term life (employee)	\$ _____	\$ _____
voluntary term life (spouse)	\$ _____	\$ _____
voluntary term life (child)	\$ _____	\$ _____
short term disability	\$ <u>Based on Annual Earnings</u>	\$ <u>Based on Annual Earnings</u>
long term disability	\$ <u>Based on Annual Earnings</u>	\$ <u>Based on Annual Earnings</u>

Employee to Complete This Section**120-0**

Your name (last, first, middle initial)				Home phone number	
Home address (street)					
City		State		ZIP code	
Date of birth		Are you married?		Date of marriage	
male female		yes no			
Name of spouse				Spouse's date of birth	

This statement is for:

myself

my spouse

my children

Name of each dependent child applying for coverage (last, first, middle initial)	Sex	Date of birth	Full-time student	Foster/step child*	Disabled or handicapped* child
1.					
2.					
3.					
4.					

Are additional children listed on separate page? yes Please sign and date all pages.

* Foster and stepchildren, eligibility is determined by employer. For disabled, handicapped children, complete the appropriate form.

Health Information for All Coverages Being Applied for

Answer only for those individuals requesting coverage. To prevent delays answer each question and give full details to "yes" answers. All statements and descriptions on this form shall be deemed to be representations and not warranties.

Employee's height ____ ft. ____ in. weight ____ lbs. Spouse's height ____ ft. ____ in. weight ____ lbs.

1.	yes	no	Is any person on whom coverage is requested currently using tobacco products, including cigarette, pipe, cigar or chewing tobacco? If so, how long? _____ Which applicant(s)? _____																				
2.	yes	no	Is any person on whom coverage is requested currently receiving medical treatment, taking medication, or pregnant?																				
3.	yes	no	In the past 5 years , has any person on whom coverage is requested had surgery, been hospitalized or consulted with a doctor, had blood or other diagnostic tests (other than for HIV antibody), or been advised to receive medical treatment?																				
4.	yes	no	In the past 5 years , has any person on whom coverage is requested been diagnosed with or received treatment for any of the following (check all that apply)? <table style="width:100%; border: none;"> <tr> <td>cancer</td> <td>liver disorder</td> <td>bone disorder</td> <td>mental disorder</td> </tr> <tr> <td>tumors</td> <td>kidney disorder</td> <td>joint disorder</td> <td>nervous disorder</td> </tr> <tr> <td>heart condition</td> <td>muscle disorder</td> <td>urinary disorder</td> <td>diabetes</td> </tr> <tr> <td>high blood pressure</td> <td>multiple sclerosis/</td> <td>respiratory disorder</td> <td>hepatitis</td> </tr> <tr> <td>stroke</td> <td>neurological disorder</td> <td></td> <td></td> </tr> </table>	cancer	liver disorder	bone disorder	mental disorder	tumors	kidney disorder	joint disorder	nervous disorder	heart condition	muscle disorder	urinary disorder	diabetes	high blood pressure	multiple sclerosis/	respiratory disorder	hepatitis	stroke	neurological disorder		
cancer	liver disorder	bone disorder	mental disorder																				
tumors	kidney disorder	joint disorder	nervous disorder																				
heart condition	muscle disorder	urinary disorder	diabetes																				
high blood pressure	multiple sclerosis/	respiratory disorder	hepatitis																				
stroke	neurological disorder																						
5.	yes	no	In the past 10 years , has any person on whom coverage is requested been treated for, diagnosed as having or tested positive for Acquired Immune Deficiency Syndrome (AIDS), AIDS-Related Complex (ARC), or any other immune disorder?																				

Health Information for All Coverages Being Applied for (continued)**120-0**

Provide details for all "yes" answers. If more space is needed, attach a separate page giving full details. Sign and date all pages.

Name	Date diagnosed/treated	Duration of illness or condition
Diagnosis of illness or condition	Type of treatment/names of all medications	
Any current symptoms or problems		
Names and addresses of doctors, hospitals or other providers		

Name	Date diagnosed/treated	Duration of illness or condition
Diagnosis of illness or condition	Type of treatment/names of all medications	
Any current symptoms or problems		
Names and addresses of doctors, hospitals or other providers		

Name	Date diagnosed/treated	Duration of illness or condition
Diagnosis of illness or condition	Type of treatment/names of all medications	
Any current symptoms or problems		
Names and addresses of doctors, hospitals or other providers		

Authorization, Acknowledgment, and Signatures

- I represent information, statements, and answers on this form, and any attachments, are complete and true to the best of my knowledge. They are a part of this request for coverage under the group policies. I agree Principal Life Insurance Company is not liable for anyone's claim which happens or begins before the effective date of coverage or approval of any life and disability coverage.
- I have read, or had read to me, the questions and responses and realize any false statements, omissions or material misrepresentation regarding age or health information could cause life and disability coverages, if issued, to be cancelled as never effective.
- Any person who, with intent to defraud or knowing that he or she is facilitating a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement, may be guilty of insurance fraud.
- I understand all policy provisions for medical coverage will apply. If approved for life and disability coverages, all policy provisions will apply including, but not limited to, preexisting conditions restriction, the Actively at Work and Period of Limited Activity provisions.
- I understand an agent cannot change or waive any rates, benefits, or provisions of any policy, if issued, without the written approval of an officer of Principal Life.
- For life and disability coverages, I authorize any doctor, health care provider, hospital, clinic or medically related facility, insurance company, consumer reporting agency or employer, that has any personal information, including physical, mental, drug or alcohol use history, regarding me or any dependent, to give to Principal Life, its agents and employees performing business transactions, any such data.

Authorization, Acknowledgment, and Signatures (continued)**120-0**

- I authorize Principal Life to release any such data as required by law. When signed in connection with any application for, reinstatement of, or request for change in benefits, this form shall be valid for two years after the date shown below. I understand I may revoke this authorization for information not then obtained. A photocopy of this form shall be as valid as the original.
- I understand the data obtained by use of this authorization will be used by Principal Life for claims administration and to determine eligibility for life and disability coverage. This information will not be used for any purposes prohibited by law.

Employee's signature

Date signed

Spouse's signature*

Date signed

*Spouse signature only required if Voluntary Term Life coverage is elected.

Notice of Information Practices for Life and Disability Coverages

In order to properly underwrite and consider your request for coverage, we must collect information to determine if you (and your dependents if also requesting dependent coverage) qualify for insurance with Principal Life. We will do this by having you complete this Health Statement. In addition, we may contact sources besides yourself for personal data about any proposed insured, including (a) spouse, (b) employer, (c) medical professionals or institutions, and (d) insurance companies to which you may have applied for insurance in the past. The personal data may include age, medical history, job, income, habits and other personal characteristic information. We may also ask that medical exams or other tests be completed.

We will keep your data confidential. Only employees performing business transactions regarding your coverage will see your data. In certain circumstances, we may provide data to (a) government agencies, (b) attending physicians, (c) insurance organizations without identification, and (d) the employer, if applicable, for the purpose of reporting claims experience or conducting audits.

You or your dependents, if applicable, have certain rights in connection with this request for coverage. Those rights are:

1. to find out what personal information is contained in Principal Life files (medical information may be disclosed only to your attending physician).
2. to correct or amend information in Principal Life files.

Upon written request, Principal Life will furnish to you (or your dependent) information concerning:

1. the nature and scope of personal data in our records;
2. the types of disclosures which may be made; and
3. rights of access to the information collected and how such information may be corrected or amended.

We will respond to such written request within 30 days from the date of receipt.

For further information about your file or rights, you may contact: Group Operations, Medical Underwriting, Principal Life Insurance Company, Des Moines, IA 50392-0432.

Instructions for Employee

After this form is completed and signed, send original to Principal Life Insurance Company, Des Moines, IA 50392-0002, and make a copy for your records.

**Explanatory Footnotes for Submission of Group Long Term Disability Insurance Policy
Forms, GC 3000 DIL, et al**

Policy Form GC 3004 DIL

- [1] This definition of “disability/disabled” is the residual disability plan option for Participants under H 35922 and the “own occupation period” elected currently is 2 years. The [80%] variable is standard and indicates a 20% income loss is required for a Participant to be considered disabled.
- [2] This definition of “disability/disabled” will be for Participants under H 35978 and H 35979, and the “own occupation period” lasts during the “elimination period” and the benefit payment period. The [80%] variable is standard and indicates a 20% income loss is required for a Participant to be considered disabled.
- [3] Definition of “Disability; Disabled” (for Pilots): This definition of “disability/disabled” (for Pilots) will be used. The [80%] variable is used and indicates a 20% income loss is required for a Participant to be considered disabled.
- [4] Definition of “Maximum Monthly Benefit”: This definition is always used to show the maximum benefit payable under the plan. The amount will vary based on the plan of benefits elected by the policyholder for each class of participants.
- [5] Definition of “Own Occupation Period”: This definition is always used for participants under H 35922 with a current “own occupation period” of 2 years.
- [6] Definition of “Primary Monthly Benefit”: This definition is always used. The [60%] variable, currently elected is 60% but may vary if requested and agreed upon between The Principal and the policyholder. The [\$6,000] variable contains the same amount that is shown as the Maximum Monthly Benefit in footnote [4].

Policy Form GC 3018 DIL

- [7] This variable is used to show the length of the Elimination Period as elected by the policyholder.

Policy Form GC 3020 DIL

- [8] This provision is always used to provide direct offset of Other Income Sources, income loss method of partial benefit calculations, including a work incentive benefit. The [12 months] variable is currently elected, and can vary if requested and agreed to by The Principal and the policyholder.

- [9] The Minimum Monthly Benefit provision is standard. The [10%] variable is standard. The [\$100] variable may be used without the [10%], if the minimum benefit is a flat amount. The [\$100] variable may vary if requested and agreed upon between The Principal and the policyholder.

Policy Form GC 3022 DIL

- [10] The Rehabilitation Incentive Benefit is included since elected by the policyholder. The [5%] variable is currently used, but may requested and agreed to by The Principal and the policyholder. The [12 months] variable is currently used, but may be increased or decreased if requested and agreed to by The Principal and the policyholder.
- [11] The Reasonable Accommodation Benefit is a standard provision. The [\$2000] variable is currently used, but may be increased or decreased if requested and agreed to by The Principal and the policyholder.

Policy Form GC 3026 DIL

- [12] The Survivor Benefit and Accelerated Survivor Benefit are standard provisions. The [three] variable is currently used, but may be changed if requested and agreed to by The Principal and the policyholder.

Policy Form GC 3038 DIL

- [13] This variable is used since the plan includes the work incentive benefit option. The [12 months] variable indicates the length of the work incentive benefit period.

Policy Form GC 3046 DIL

- [14] The [three month] variable is currently used. This variable may be changed to other time periods if requested and agreed to by The Principal and the policyholder.
- [15] The [twelve consecutive months] variable is used. This variable may also be changed to other time periods if requested and agreed to by The Principal and the policyholder.